FINAL EDITION

SEP 8 1941 In 2 Sections—Section 1

FINANCIAL The COMMERCIAL & CHRONICLE

Reg. U. S. Pat. Office

WITH WHICH HAS BEEN COMBINED THE FINANCIAL REPORTER

Volume 154 Number 3976 | New York, N. Y., Thursday, September 4, 1941 | Price 40 Cents a Copy

Another Milestone

With the appearance of this issue, the Chronicle marks another milestone in a career that began in 1839, when the first number of Hunt's Merchants' Magazine was published. In 1865, the first issue of the Chronicle was announced. Then, in 1871 another milestone was past when these two publications were combined.

During the decades since its inception the Chronicle has, almost of necessity, waxed enormously in stature. Moreover, it has instituted the publication of a very substantial list of supplementary publications or compendiums. These latter will continue to appear as heretofore, except that their typographical appearance, their legibility and their general usefulness will be enlarged and improved wherever possible.

The weekly Chronicle itself, however, has for some years been suffering, in a sense, from its very completeness—from its bulk, the diversity of material presented, and to some extent from the fact that it appeared only at weekly intervals. In the form and dress that it has worn heretofore, and with the older equipment used in its preparation, it has proved impractical until now to modernize its appearance or improve the accessibility of its contents.

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OUR REPORTER'S REPORT

Vacationists have now been back at their desks for a couple of days, but they are still, by and large, devoting their time to study of the situation by which they confronted and to the laying of plans for future activity rather than engaged in the actual doing of business. It was hardly to be expected, and was not expected, to be otherwise.

The markets quite generally hope to obtain their first cue from the plans of the Treasury. Precisely when they will obtain it in form definite enough to be of real service is not yet quite clear, but it is not expected to

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Is Competitive Bidding Working?

This is a "progress report"—a report on the developments that have occurred and the problems that have arisen since the SEC's competitive bidding rule went into effect May 7.

It is presented at this particular time because:

(1) The new issue market is just entering a highly active period in which at least a half-dozen large utility financings will be distributed under the SEC's rule U-50;

(2) To date, three major issues have been sold under this rule and several significant trends have shown up;

(3) The SEC a few days ago presented its own progress report in the form of an address by Commissioner Robert E. Healy at St. Paul, and that "report" was notable not for what it included but for what it left out;

(4) And American Telephone & Telegraph Co., a corporation not subject to the rule has indicated the wide application of the regulation by announcing that it soon will invite bids from underwriters for about $94,000,000 long-term debentures.

In other words, we've had some tests of this rule.

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GENERAL CONTENTS

"JOTTINGS"

There is irony in contrasting Washington policies on the matter of competitive bidding. Among the changes currently being made in the defense program is relaxation of the requirement that the armed services stick to competitive bidding as a means of getting their requirements. Negotiated contracts are to be used to spread the work round. The Navy got the right some years ago to negotiate shipbuilding contracts instead of being required to ask for competitive bids. The contracts could be signed quicker, delays avoided in changing the specifications, and the ultimate cost was lower.

While most forecasting agencies predict a leveling off from here in the business indices for some months, due to priorities unemployment and the fact that these indices give inadequate weight to the armament industries, these predictions probably err on the pessimistic side. Rapidly swelling polictal pressure from groups and areas threatened with such unemployment have already caused the defense authorities to accelerate methods (outlined on the editorial page of this issue) to make raw materials go further and to bring non-defense factories more rapidly into

(Continued on Page 11)

Ranson-Davidson Expanding—Opens New York Office Under Laurence Harris, H. H. Miller

The Ranson-Davidson Company, Incorporated, announces the opening of an executive office in New York City at 90 Broad Street, under the management of Laurence Harris and Henderson H. Miller, formerly managers of the municipal bond department of Fenner & Beane. The New York office will be the headquarters for the eastern and southeastern division of the firm, and will be staffed entirely by personnel formerly employed in the municipal bond department of Fenner & Beane.

The company, which was formed in 1935, has heretofore confined its business principally to Texas and Kansas municipal issues. The opening of the New York office will give the company eastern representation and aid it in its attempt to build distribution of eastern securities. The company now has offices in Wichita (home office) and Independence, Kansas, Dallas, San Antonio, Houston, Edinburgh and Austin, Texas, Miami and St. Petersburg, Florida and Columbus, Ohio.

Working under the direction of New York will be the offices located in Miami and St. Petersburg, Florida and Columbus, Ohio. As in New York, the personnel of these offices will be composed of former employees of the municipal bond department of Fenner & Beane.

Mr. Harris is a graduate of Yale University, where he also served on the faculty. He first came to Wall Street in 1929 when he became associated with A. Iselin & Co. In January 1933 he joined Fenner & Beane and was connected with its municipal bond department up until the merger with Merrill Lynch, E. A. Pierce & Cassatt a short time ago. Mr. Harris was also vice-president of Fenner & Beane Corporation. He conducted the course in municipal bond trading at the New York Stock Exchange Institute for a period of six years.

Mr. Miller, also a graduate of Yale University, started his career in Wall Street in 1929 when he became associated with E. R. Diggs & Co. In 1930 he joined Ames, Emerich & Co., in the retail department and in 1931 went with Ulen Securities Co., of Texas. He became manager of the investment department in the Fort Worth office of Fenner & Beane in 1932. In 1934 he became associated with their municipal bond department in New York.

Sleeper & Donnelly With Reynolds & Co.

Reynolds & Co., 120 Broadway, New York City, Members of the New York Stock Exchange and other leading national Exchanges, announce that Gordon C. Sleeper and James A. Donnelly, Jr., are now associated with them. The firm also announces that it has opened a department to deal in public utility preferred stocks under the management of Mr. Donnelly.

Mr. Sleeper has for the past seven years been manager of the customers' room of Fenner & Beane's home office. He was one of the country's pioneer radio manufacturers. He is active in the Customers' Brokers Association as a member of the Executive Committee.

Mr. Donnelly has for the past seven years been associated with Fenner & Beane, as preferred stock trader. Previous to this time he was associated with Hardy & Co.

Sidney Lurie Joins Parrish As Analyst

Parrish & Co., 40 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges, announce that Sidney B. Lurie has become associated with them as security analyst-economist. Mr. Lurie was formerly manager of the investment and advisory department of Fuller, Rodney & Co. and its predecessors.

Ga.-Fla. R R Revenues Up

According to advices from B. S. Lichtenstein & Co., 99 Wall Street, New York City, the Georgia and Florida Railroad in its report to the I. C. C. shows gross operating revenues for the seven months ending July 31, 1941 of $782,130, an increase of over 35% over the corresponding period of 1940 when gross operating revenues were $619,305.

Customers' Brokers Annual Golf Tourney

On Wednesday, September 17th, 1941, the Association of Customers' Brokers will hold their Second Annual Golf Tournament and Field Day at the Rockville Country Club, Rockville Centre, L. I.

Guests of honor will be Emil Schram, President of the New York Stock Exchange and Robert Stott, Chairman of the Board of Governors.

Mr. Schram, evidently realizing the importance of the customers' brokers' close relation to the public, has expressed the desire to meet informally as many customers' brokers as possible on this occasion. All registered representatives are invited to attend, regardless of whether they are members of the Association.

Realizing the entire production personnel cannot be present for the full day, the Association has a detachable dinner ticket for $2.50 along with a ticket for golf, tennis and dinner for $4.00. Tickets may be obtained from Mr. Richard G. Horn, Chairman of the Entertainment Committee, Peter P. McDermott & Co., 65 Broadway, New York, N. Y. Checks should be made payable to the Association of Customers' Brokers, care of Mr. Horn, stating the type of reservations desired.

Sutro Co. Has Added Donnellan To Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, CAL.—John F. Donnellan has become associated with Sutro & Co., 407 Montgomery Street, members of the New York Stock Exchange and other leading national Exchanges. Mr. Donnellan for many years was an officer of Donnellan & Co.

Case, Bosch Admits Rozelle And Sherly

Chicago, Ill.—Logan A. Rozelle and John M. Sherly have been admitted to Case, Bosch & Company, 208 South La Salle Street, as general partners, Gaylord J. Case announced.

Mr. Rozelle, who will head the sales department, came to La Salle Street fourteen years ago and joined Case, Bosch & Company four years after it was established; prior thereto he was with F. A. Brewer & Co. Mr. Sherly, who will be in charge of municipal bonds and collateral loans, has been on La Salle Street for the past thirty years. He was formerly a banker and left that field to enter the commercial paper business. For the past six years he has been with Case, Bosch & Co.

Power & Cummings With John B. Knox

(Special to The Financial Chronicle)

SAN FRANCISCO, CAL. — Marston Cummings and Clifton N. Power have become associated with John B. Knox & Co., Russ Building. Mr. Cummings was formerly San Mateo representative for Schwabacher & Co., was with Associated American Distributors, and prior thereto was an officer of Security Agency, Inc. and Commodity Distributors of Boston. Mr. Power was previously with Hannaford & Talbot and in the past was with T. P. Burke & Co. and Sherk & Co. of Indianapolis.

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COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
with which has been combined the
Financial Reporter
William B. Dana Company
Publishers
25 Spruce Street, New York
BEekman 3-3341
Herbert D. Seibert,
Editor and Publisher
Frederick W. Jones, Managing Editor
William Dana Seibert, President
William D. Riggs, Business Manager
Thursday, September 4, 1941
Published three times a week [every Thursday (general news and advertising issue) with statistical issues on Tuesday and Saturday]

Other offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

Entered as second-class matter June 23, 1879, at the post office at New York, N. Y., under the Act of March 3, 1879.
Subscriptions in United States and Possessions, $18.00 per year, $10.00 for 6 months; in Dominion of Canada, $19.50 per year, $10.75 for 6 months. South and Central America, Spain, Mexico and Cuba, $21.50 per year, $11.75 for 6 months; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $23.00 per year, $12.50 for 6 months. NOTE: On account of the fluctuations in the rates of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

David & Bernard Stein Form Own Firm In NY

David and Bernard Stein have formed Stein Bros. with offices at 50 Broad Street, New York City, to engage in a general over-the-counter securities business. Both were formerly partners in Irving Stein & Co., of which David Stein was manager of the trading department, and prior thereto were with Morris Stein & Co.

That Messrs. Stein were planning to form their own firm was previously reported in the Financial Reporter of August 28th.

Kleinbaum To Manage Eisele-King Inv. Dept.

Eisele & King, Members New York Stock Exchange, announce that Elihu N. Kleinbaum has become associated with them as manager of their investment department. Mr. Kleinbaum will make his headquarters in the firm's New York office at 39 Broadway. He was formerly manager of the local New York office of Hirsch, Lilienthal & Co. and in the past was a partner in Albert Fried & Co. and Schatzkin & Co.

Tomorrows Markets Walter Whyte Says—

Market has indicated that the next important move, when, as and if, will be on the up side; but oil stocks do not act right, although that may not mean much; detail recommendations follow.

By *WALTER WHYTE*

NOW that Labor Day has come and gone, this week's column should, by rights, be given over to a dialectic discussion of "What Of The Future?" With it should be incorporated an impressive array of economic factors which would prove exactly what they were intended to prove.

* * *

Such an erudite display would serve two purposes: One, serve as an introduction to new readers of the new Commercial & Financial Chronicle and two, impress them with the Learning and Deep Thinking prowess of the writer. It would be timely for still another reason; precedent.

* * *

Twice a year economic pundits, captains of industry and leaders of finance feel called upon to deliver themselves of words of cheer or of gloom. These are made at the beginning of a new year, and when Labor Day is over. New Year forecasts were as plentiful as ever, but, for some reason, Labor Day predictions were not up to snuff. The fact that few of these prognostications ever materialize is beside the point. It's even unkind of me to dwell on such a thought.

* * *

But be that as it may the official end of summer brings with it a cheer that is readily apparent. Of course I might point out in passing that few Septembers have ended on an

(Continued on Page 9)

New Municipal & Corporate Bond Dept. For Allman, Everham Co.; New V.-Ps. Elected

DETROIT, MICH. — Allman, Everham & Co., members of the Detroit Stock Exchange, Penobscot building, announce the opening of a municipal and corporate bond department under the management of Andrew D. Hotchkiss and George E. O'Brien, who have become associated with the firm as vice-presidents. Paul I. Moreland has been elected a vice-president of the firm and Edmund F. Kristensen was named treasurer; Mr. Moreland will continue as manager of the stock department and branch offices, and Mr. Kristensen will continue to act as office manager.

Mr. Hotchkiss entered the securities business in 1919 with Keane, Higbie & Co.; he later served as vice-president of Guardian-Detroit Company from 1925 to 1930 and for eleven years was manager of Goodbody & Co.'s local office. He was recently connected with H. V. Sattley & Co. and S. R. Livingstone & Co. Mr. O'Brien became affiliated with Bonbright & Co. in 1928, later heading his own firm. He was later associated with Keane & Co. and for the past five years has been with S. R. Livingstone & Co. as manager of the bond department.

HERE AND THERE

OFF FOR CONVENTION

Many delegates to the Financial Advertisers convention to be held in Cleveland, September 8-11, have made reservations on the private cars which will leave Grand Central Station Saturday night, September 6.

The following is a partial list of those who have already made reservations:

Merrill Anderson, Arthur Kneerim, and Richard Wells, Merrill Anderson Company.

L. S. MacNeill, Continental Bank & Trust Co.; Granville S. Carrel, and John Lawler, National City Bank; Landon Townsend, Bank of New York; Harold Choate, Business Week.

James Roscovar II, Albert Frank-Guenther Law, Inc.; O. G. Alexander, Bank of the Manhattan Co.; Arthur DeBebian, The Chase National Bank; Dudley Parsons, New York Trust Company; Ruel Smith, Time, Inc.; Walter Mayer, Prentice-Hall, Inc.

John Klegg, The Pennsylvania Co. for Insurances on Lives and Granting Annuities; Harold Whitaker, Group V Savings Bank; Mr. & Mrs. Arthur Larschan, Trade Bank & Trust Co.; Mr. & Mrs. Richard Lederer, Sr., and Mr. & Mrs. Richard Lederer, Jr., Standard Nat. Bank of N. Y.; Miss Gertrude T. Porter.

George McCarthy, Recordak, and Frank L. Hilton, Jr., Recordak Corporation; James T. Anderson, Geo. La Monte & Sons; Charles Earl, Burroughs Clearing House; George O. Muir, Muir & Company.

Charles P. Seaman, Brooklyn Savings Bank; Frank Burrows, Irving Trust Co.; Paul Roth, Central Hanover Bank & Trust Co.; and Glen Winship, New York Times.

Emmett F. Connely, President of the Investment Bankers Association, will address the opening session. Mr. Connely will speak on "Public Relations of the Investment Bankers Association of America." Following the opening session, Mr. Connely will be a forum guest on Monday afternoon at which the subject of Security Salesmanship will be discussed.

E. A. Pierce, a senior partner of Merrill Lynch, Pierce, Fenner & Beane, will be the principal forum guest on Wednesday, September 10th. The subject of Wednesday's forum will be "The Financial Advertisers Obligation and Opportunity." The discussion will take in problems in the listed securities field.

On Thursday, September 11, an open forum will be held for the purpose of discussing "Defense Bonds and their relationship to the security business."

It is anticipated that many investment dealers and brokers from the mid-west will attend the series of meetings to hear these financial headliners.

REAL ESTATE BONDS UP SHARPLY

For the 14th consecutive month the Amott-Baker Realty Bond Price Average indicates a higher average price for real estate bonds. Furthermore, the 2.3% advance in the month of August was the largest since the trend changed in July of 1940. For the past five months the percentage increase, month by month, has been greater than the preceding month.

The average price of a $1,000 bond is now $310 compared to $303 on July 31st and $281 on December 31, 1940. The increase in the first 8 months of 1941 is 10.3% and each one of the 15 classifications of the Price Average shows an increase for the first time this year. For the month of August too each of the classifications showed an increase.

New York issues are 11.9% ahead of the 1940 closing prices followed by Pittsburgh issues which are up 8.8%, Philadelphia 8.4% and Boston issues up 0.9%.

In the classifications by buildings, Hotels lead the way with an increase of 14.7% so far this year, followed by Apartment Hotels up 13.8%. Office Buildings which made the best showing in August with an increase of 3.2% are now 12.4% ahead of 1940 closing prices and they now average $290. Housekeeping Apartments are up 5.3% and Theatre issues 3.4%.

(Continued on Page 10)

E. Moederle & H. Kemp Join A. W. Benkert Co.

Eric A. Moederle, for the last eight years with the New York Stock Exchange firm of Francis I. duPont & Co. as an account executive, and Henry P. Kemp, who formerly headed his own firm of Henry Kemp & Co., have become associated with the investment securities firm of A. W. Benkert & Co., Inc., 70 Pine Street, New York City, in the sales department.

Alfred Philipp, Mauro A. Salazar, and Francis I. Washichek have also been added to the firm's sales staff.

DIVIDEND NOTICES

John B. Lord Is Now With Foster & Adams

Foster & Adams, 120 Broadway, New York City, members of the New York Stock Exchange, announce that John B. Lord has become associated with their firm. Mr. Lord was senior partner of Lord & Widli from 1924 until that firm dissolved on July 31 of this year, in which capacity he acted as correspondent in New York for the English banking house of Fairfax & Co., Ltd. For the past two and a half years he has been a member of the Board of Governors of the New York Curb Exchange. During the World War Mr. Lord was with the U. S. Food Administration, serving that department both in Washington and abroad.

Harry Taylor Joins Wilson, Johnson Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CAL. — Harry W. Taylor has become connected with Wilson, Johnson & Higgins, Inc., 485 California Street. Mr. Taylor was formerly an officer of the Anglo-Pacific Co. of San Francisco.

Producing Oil Royalties

An attractive list of current oil royalty offerings has been prepared by Tellier & Company, 42 Broadway, New York City, and is available on request. Ask for Schedule "A."

DIVIDEND NOTICES

NOTICES

The Winters National Bank located at Winters, in the State of California, is closing its affairs. All note holders and other creditors of the association are therefore hereby notified to present the notes and other claims for payment.
W. W. STARK, *Cashier.*
Dated July 8, 1941

The Bank of Suisun, National Association located at Suisun, in the State of California, is closing its affairs. All note holders and other creditors of the association are therefore hereby notified to present the notes and other claims for payment.
F. S. JONES, *President*
Dated July 9, 1941

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Carol A. Landry, Edward C. McAdams, John T. O'Hare, and Daniel Spillane** have become associated with **Trust Funds, Inc.,** 89 Broad Street.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Frederick C. Adams & Co.,** 24 Federal Street, have added **Henry P. McAllister, Jr.,** to their staff.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Nathan C. Sharfman** has become connected with **Maxwell & Co., Inc.,** 24 Milk Street.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**John William Elster,** for many years with McGraw & Co., Inc., has become associated with **Mason, Moran & Co.,** 135 South La Salle Street.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **James C. Reynolds** has joined the staff of **Straus Securities Co.,** 135 South La Salle Street. Mr. Reynolds in the past was with First Consolidated Securities Co. and more recently was in the radio business.

(Special to The Financial Chronicle)

HOLLYWOOD, CAL.—**Peter I. Orloff** has been added to the staff of **Grover Cleveland Hooker Co.,** 7056 Hollywood Boulevard. In the past Mr. Orloff was with Morton Seidel & Company.

(Special to The Financial Chronicle)

LONG BEACH, CAL. — **Alan Rutherford Montgomery** has become associated with **Bankamerica Company,** 115 Pine Avenue. Mr. Montgomery was formerly connected with Merrill Lynch, E. A. Pierce & Cassatt and Banks, Huntley & Co., Inc. In the past he was a director of William A. Lower & Co., Inc.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**Ernest Wilson Leppert** has joined the staff of **Fox, Castera and Co.,** 650 South Grand Avenue. Mr. Leppert was previously with R. C. Wade & Co.

PHILADELPHIA, PA.—**Charles A. Taggart & Co.,** 1500 Walnut Street, announce that **Carl LeRoy Black** is now associated with them in their sales department. Mr. Black for several years was with Henry L. Doherty & Co. and later with Dawkins, Waters & Co., Inc. and Marvin & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CAL. — **Bankamerica Company,** 300 Montgomery Street, has added **Andre Peschau,** formerly with Stephenson, Leydecker & Co., to their staff.

(Special to The Financial Chronicle)

SEATTLE, WASH. — **Edward Greenwood** has been added to the staff of **Lobe & Jordan, Inc.,** Insurance Building.

(Special to The Financial Chronicle)

SEATTLE, WASH. — **Ogden Moulton** has joined the staff of **Western General Corporation** 808, Second Avenue. In the past Mr. Moulton was with Leo A. McGrail & Co., and Interstate Securities Co.

(Special to The Financial Chronicle)

ST. PAUL, MINN.—**Archibald G. Ingersoll** is now connected with **Riter & Co.,** Poineer Building. In the past Mr. Ingersoll was with Thomson & McKinnon, Slaughter & Russell and Charles D. Barney & Co. in St. Paul.

(Special to The Financial Chronicle)

SPRINGFIELD, MASS.—**Ralph W. Clark** has joined the staff of **Seybolt & Seybolt, Inc.,** Third National Bank Building.

(Special to The Financial Chronicle)

TOLEDO, OHIO—**Lester Howard** has become associated with **Bliss Bowman & Co., Inc.,** 715 Madison Avenue. In the past Mr. Howard was in business as an individual dealer in Toledo.

TULSA, OKLA.—**Meredith Kilgore** is being transferred from the local office of **Francis, Bro & Co.** to the firm's main office at Fourth & Olive Streets, St. Louis, Mo.

Fritz To Represent Wertheim In Phila.

PHILADELPHIA, PA.—Sparta Fritz, Jr., for many years a consultant to public utility companies, has become associated with Wertheim & Co., 120 Broadway, New York City, as Philadelphia representative. In the past he was an officer of Martin & Co., Inc.

Reisacher At Russell Hoppe, Stewart, Co.

(Special to The Financial Chronicle)

PORTLAND, OREG.—Frederick A. Reisacher, Jr. has become associated with Russell, Hope, Stewart & Balfour, Wilcox Building. Mr. Reisacher was formerly associated with Federal Securities Co. for many years as manager of the trading department.

Fred Miller In Denver

(Special to The Financial Chronicle)

DENVER, COLO. — Fred W. Miller is again active as a dealer in securities from offices at 600 Harrison Street, under the name of Fred W. Miller and Company.

SITUATION WANTED

A Valuable Young Man

for some Trading Organization or Stock Exchange firm. Capable secretary; trader. Delights to and has been successful in delving into inactive and "special" situations. Box S7. The Commercial & Financial Chronicle, 25 Spruce Street, New York, N. Y.

R. Amor Reiter With John E. Joseph & Co.

(Special to The Financial Chronicle)

CINCINNATI, OHIO—R. Amor Reiter has become associated with John E. Joseph & Co., 18 East Fourth Street, in a sales capacity and will assist in executing orders in the "street." Mr. Reiter, who has been in the securities business for the past fifteen years, for the past five and a half years was manager of the trading department for the local office of Dominick & Dominick.

Govt. Labor Policies Entail Chaos, Serfdom

Describing government labor policies as "little short of chaotic" Walter D. Fuller, President of the National Association of Manufacturers, stated on Sept. 1 in a Labor Day letter to 8,000 member manufacturers that "it is neither good citizenship nor industrial statesmanship to accept policies or recommendations which would enslave labor and amount to an abdication of the functions and duties of private management."

Specifically referring to the "incident of national significance," which occurred at the Federal Shipbuilding and Drydock Co., Kearny, N. J., when 18,000 workers quit warship construction because of a CIO union demand for one form of the "closed shop," Mr. Fuller's message labelled the incident "of far reaching importance." The Kearny strike, he stated, is important "not merely to the particiular company involved, not merely to the community in which that company operates, which together with the State of New Jersey may hereafter be deprived of its tax revenue, and not merely to the employees of the particular company, who as federal employees may now exercise privileges only, where once they had rights. The incident is important in any consideration of the immediate future of the American system of free enterprise and the American system of representative democracy."

Summing up his message, Mr. Fuller wrote:

"The long term interests of America require, and the present defense emergency demands, the overhauling of our labor laws and their administration, promulgation of basic principles to be followed by all public agencies in the field of employment relations, imposition of reasonable obligations upon labor organizations, protection of the right to work for employees and protection of rights of private ownership and management for employers."

Government seizure of the Kearny plant was referred to in these columns Aug. 30, page 1214.

Offers Interesting Booklet

Registrar and Transfer Co., 2 Rector Street, New York City, and 15 Exchange Place, Jersey City, N. J. has prepared a descriptive booklet on the advantages of their dual arrangement as transfer agents in both New York City and Jersey City, which arrangement is acceptable to the New York Stock Exchange and other Exchanges. Copies of the booklet will be sent by Registrar and Transfer Co. on request.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for January 1, 1939 to date: High —34⅝, low—14¾, last 33¼.

RAILROAD SECURITIES

Recent publicity given to the shortage of oil and gasoline in the eastern section of the country, particularly coming as it does at a time when fuel needs are increasingly rapidly, naturally causes speculation as to the possible effect of the shortage on the railroads. The longer term influence is being accepted in many quarters as fundamentally bearish in that the present emergency is necessitating the construction of pipe lines to the east which will inevitably aggravate the competitive situation when shipping returns to normal. For the present, however, it is bound to have a stimulating effect on traffic of at least some of the eastern roads, and the influence should last through the winter at any rate. Not only will the railroads get an unusual volume of petroleum products, but coal traffic will also be heavier as many plants are forced to shift over from oil.

Quoting the Lamp, publication of Standard Oil Co. (New Jersey), The Oil and Gas Journal recently stated that on July 10, tank cars carrying East Texas crude oil moved into the Bayway, N. J. refinery. The shipment amounting to more than 6,000 barrels, represented the first such movement in twenty years. By late Fall it is expected that tank car receipts to the refinery will have increased to 30,000 barrels daily. The rail rate on these shipments runs between 55 cents and 65 cents a barrel, depending on the point of origin. The revenues involved may not be important to some of the larger roads sharing in the business but it should prove considerable boon to Central Railroad of New Jersey which will be on the terminating end of all of it. Greatest shipments are expected to come from Lima, Ohio, via the "Nickel Plate" to Buffalo, and thence shared by "Lackawanna" and Lehigh Valley. These latter two would turn the traffic over to Central of New Jersey at Taylor, Pennsylvania and Wilkes-Barre, respectively. Other shipments will originate at Martinsville, Illinois, with most of the haul over the Pennsylvania Railroad. and Owensboro, Kentucky which is served by Louisville & Nashville. The joint rail-pipe line shipments from East Texas to Bayway cost $1.00 or slightly more per barrel which compares with 39 cents a barrel shipping costs under normal conditions.

Of more general benefit to virtually all eastern carriers, including those serving New England, and of far greater moment from a revenue and earnings standpoint, will be increased shipments of coal arising from the shifting over from oil by a number of utility and industrial consumers. This shift will be to bituminous coal and has already assumed sizable proportions. Last week, Grover Whalen who has been appointed to supervise the gasoline conservation program in New York, announced that in this immediate area alone five companies are changing to coal and have already ordered 2,195,000 tons. The largest of these is presumably Consolidated Edison Company which converted early in June and expected thereby to effect a saving of 2,000,000 barrels of oil through the balance of the year. Standard Oil Co. of New Jersey is also using coal in its Bayway refinery. Many large office buildings in New York are expected to look to coal for heating purposes this winter also.

What is happening in New York, moreover, is being duplicated throughout the eastern seaboard states, building up an unprecendented demand for coal and again bringing fears of a possible car shortage. The condition may be aggravated by drought in some sections which has curtailed hydro-electric operations. Finally, and again of more importance to some of the poorly situated New Jersey roads, there will be a shifting back to anthracite coal for domestic heating purposes. These potentialities are being reflected in a quickening speculative interest in Central Railroad of New Jersey and in securities of Lehigh Valley and "Lackawanna" which may be expected, relatively, to benefit most.

Mercantile Commerce Bond Dept. Adds Ewin

ST. LOUIS, MO.—The bond department of the Mercantile-Commerce Bank and Trust Company, Locust-Eighth-St. Charles, has announced the appointment of Robert B. Ewin as southwestern representative. Mr. Ewin's territory will include southern Missouri, Arkansas, Oklahoma and Kansas. He formerly was associated with the First National Bank and Trust Company, Tulsa, Oklahoma, and from 1936 until his present appointment was connected with the Tulsa office of Francis, Bro. & Co., St. Louis investment firm.

Gets Feminine Touch

PORTLAND, ORE.—Beautiful girls, clad in slacks, will act as boardmarkers in the local office of Merrill Lynch, Pierce, Fenner & Beane, Wilcox Building, it was announced by Ferdinand C. Smith, manager, who stated that his male boardmarkers were entering military service or taking other jobs in defense industries.

Business in the local office ought to boom.

Bank and Insurance Stocks

This Week — Insurance Stocks

A number of factors resulting from the present high rate of business activity have combined to produce a very favorable outlook for the operations of the fire and casualty companies. Significant progress has already been made in the first six months of this year and conditions point to an extension of these gains for a considerable period in the future.

In the first half of this year the average fire insurance company reported a gain of about 15% in premium volume over the 1940 period. All indications are that the growth in premium volume will continue for the balance of this year and thus it is expected that the total premiums for the full year 1941 will exceed the previous peak reached in the year 1929. The casualty companies showed a similar trend in premiums written in the first half of this year in which the gain was about 10% over last year. The business of this group is likewise expected to show further gains in the last half of this year.

An important factor accounting for the increase in fire premiums has been the huge amount of building activity in industrial plants. The expansion of home construction, which has been substantial, has also contributed significantly to the increase in fire writings. Another factor which will continue to influence the trend of premiums is the impending increase in the price of commodities and all forms of insurable property. This tendency should be accelerated if the impending price inflation becomes a general reality. The greatly expended volume of business has already required all kinds of commercial and industrial organizations to carry much larger inventories and this has increased their need for insurance coverage. As there is no prospect of any contraction in these stocks for a considerable time this should continue to be a cause of holding up premium volume.

For the same reasons the casualty companies have felt the demand for wider coverage on workmen's compensation and other forms of casualty-surety policies for which the need increases with expanding industrial activity. Automobile liability coverage has been an important line for the casualty companies and even though a curtailment of automobile production is in prospect the number of cars in use will continue to be large and therefore require protection.

Profit margins on the new underwritings should continue to be good as the expansion in volume has been at a rate that has been greater than any attendent increase in expenses. Another point in this connection is that the loss ratio should be more favorable in a period of rising prices and values and this is borne out by the records of the first half of 1941 which show fire losses to be about 3.6% lower than the same period in 1940. While losses from sabotage may be an added threat under present conditions it is to be remembered that the insurance companies are not liable for losses that occur from proven sabotage.

Investment operations are beginning to benefit from the larger volume of funds available for investment as a result of increased premium volume. While present investment conditions make it difficult to get more than a nominal return on invested assets those companies which have large holdings of stocks are already sharing in increased dividend disbursements.

While most insurance stocks have discounted this promising outlook somewhat by reaching the highest prices in recent years, there are many stocks which still afford a good yield and on which the current dividend rate seems assured for the visible future.

The Securities Salesman's Corner

Editor's Note: Beginning this week we are starting a new column. It will be devoted to sales promotional ideas and other phases of retail securities distribution.

It is our desire to develop this column into a clearing house for ideas. If we could pass along some things that the other fellow is doing which is helping to meet present-day conditions it no doubt would be of some interest to all concerned. In this connection, we would sincerely appreciate your comments or criticisms and any suggestions you might wish to send along.

This Week We'd Like To Talk About Morale!

The other day the writer happened to bump into several of his salesmen friends. As usual the first question to pop up was, "How's business?" Has this recently happened to you? Then you know how the story went. Yes, you're right, everybody was looking for sympathy. Before one of the boys could get get his ful quota of blues out of his system he was interrupted by a sadder and longer story from somebody else. By the time a half hour was wasted it appeared as if the whole crowd was ready to sell out to Joe Stalin, Adolf Hitler and the little guy down the corner with the "three ball" sign outside his door.

Strangely enough one of the group had remained silent. So out of place was this strange behavior that someone finally queried, "What's the good word with you Joe? You haven't shed a single tear."

This was Joe's chance. He smiled a little and then did he let loose? "You know fellows", and he carefully measured his words, "I've only been standing here for one reason. I want to give you the other side of the story. I know all of you and I like you. I can sympathize with you because I too have gone through just the same thing you have been talking about. In fact I had it so bad I once thought I'd have to get out of this business and my Doc even told me that if I didn't let up on the strain and the worryin' I might have to go to a sanitarium to boot".

"But I didn't do it. Instead I sat down with myself and I began to figure things out. The more I figured the more convinced I became that I was letting a lot of things get the best of me THAT I COULDN'T DO A THING ABOUT ANYWAY SO I JUST DECIDED TO FORGET ABOUT THEM AND GO BACK TO WORK AS I HAD NEVER WORKED BEFORE. I mean just this—I was worrying whether private capitalism was going to last, whether the country was going Bolshevik, whether we'd have currency inflation, what might happen to my wife and kids and all the rest of the things you've been talking about."

"Then I finally came to the conclusion that there is always another side to every balance sheet. There's a credit as well as a debit. I started to look at the good side of the business we're in and I began to find a whale of a lot of good despite all the dark clouds that are now so much in all our minds. Regardles of all the present day outcries to the contrary, there is a real economic justification for our business. I know we are the boys who gather the capital and by so doing we create both jobs and wealth. I began to see that if we do our level headed best for our clients at all times that's about all that anyone could expect us to do. In spite of present day uncertainties we can help a lot of people who might otherwise receive incompetent advice about their investments.

"Then as to inflation—why not sell people securities? Certainly they at least will have a better chance to survive if they hold a well selected group of securities instead of an over-abundance of cash. Meanwhile markets don't go down forever. We've been in a bear market since March 1937. That's over three years; sooner or later, the pendulum always swings back again; that's history. There are also thousands of different securities that people already own. Surely they must be interested in knowing about the present status of their holdings. The more I considered this other side of the story the more certain I became that the first thing I had to do in order to get my business rolling once again was to give my whole attitude a darn good going over. And fellows," he continued, "it's helped a lot!"

"Last but not least, about this country going socialistic, I do agree that what we have now is no kid's picnic. But we salesmen have one advantage in judging this present day trend of business and government—we know something about human nature. Here's where I think old Uncle Sam is going to win out after all. Someday the very people who have given the "Slap Happys" and the theorists who have been running our country their greatest support are quite likely to be the very ones who are going to turn against them. I mean it—I believe the "dreamers" are going to beat themselves. Sooner or later they are going to go just a little bit too far and when that day comes you watch the American people get some sense again. I just can't believe that one hundred and fifty years of building this great country can finally end up in bedlam.

"You see," Joe concluded, "I've got the right psychology again. Now I am leaving the big problems to the radio guys and the newspaper kibitizers. I am working again. I am getting a kick out of each day. I am feeling better and making some money, too. I am not going to let the war, the blues, politics, troubles or anything else keep me from doing my level best. It's sort of like my old man once told me, 'If a thing is worth doing at all, either do it right or don't do it.' I proved to myself that it applies to selling securities just the same as it does to anything else."

With this Joe went on about his business. We believe he was right—what do you think?

RR Securities Analyzed

A detailed analysis of solvent and reorganization railroad securities of real interest to dealers has been prepared by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies will be sent by Pflugfelder, Bampton & Rust on request.

Murphy In New Connection

YONKERS, N. Y.—Francis I. du Pont & Co. and Chisholm & Chapman, members of the New York Stock Exchange, announced today that Chester J. Murphy is now associated with them as co-manager of their local office, 20 South Broadway. Mr. Murphy was formerly branch office manager in Yonkers for Cohen, Simonson & Co.

$1,037,000,000 Tax Notes Have Been Sold

The Treasury Department announced Sept. 2 that $1,037,000,000 of tax-anticipation notes were sold during August to individuals and corporations to provide for payment of Federal income taxes. These notes, which were placed on sale Aug. 1 at the Treasury and at the Federal Reserve banks, with local banks permitted to take orders for their customers, are of two series, Series A-1943, for smaller taxpayers providing a return of 1.92% a year, and Series B-1943, for the larger corporate and individual taxpayers, earning about 0.48% a year. A full description of these tax notes was given in these columns of Aug. 2, page 625.

UP-TOWN AFTER 3

SCREEN

"Unfinished Business" (Univeral) Stars Irene Dunne and Robert Montgomery; features Preston Foster. Produced and directed by Gregory La Cava. Currently at the Rivoli Theatre, N. Y. Rating "AA".

The story of a small town girl with a yen for travel, to do and see things, who comes to New York and winds up by marrying a millionaire playboy. It all begins when the girl (Irene Dunne) leaves Messina, Ohio headed for New York and runs into Preston Foster on the train. She falls for him with a dull thud but after reaching the big city he gives her the well known brush-off. After kicking around she ends up as a singing phone operator at a night club where she meets not only her train lover, who is busy celebrating his coming marriage, but also his drunken brother (Robert Montgomery). So she marries hiim but doesn't live happily forever and a day. Some more complications come up. The whole thing is quite interesting even if unbelievable.

"When Ladies Meet" (MGM) Stars Joan Crawford, Robert Taylor, Greer Garson and Herbert Marshall. Features Spring Byington. Directed by Robert Z. Leonard. Opening to-day at the Capitol, N. Y. Rating "AA".

An amusing and, at times, even an interesting story about a lady writer (Joan Crawford) who gives her boy friend (Robert Taylor) the air and goes ga-ga over her publisher (Herbert Marshall). Of course it's not all easy sailing. For one, publisher Marshall has a wife, (Greer Garson) who, accustomed to his tomcat proclivities, doesn't intend giving him up, and for another, boy friend Taylor refuses to fade out of picture. Unknown to each other the two women meet and discuss Life and Love. Out of this tete-a-tete comes the Final Understanding. Spring Byington as the fluttery nitwit is grand. Robert Taylor does a great job. Greer Garson as the misunderstood wife is wholly believable. Joan Crawford, well, she's Joan Crawford. Herbert Marshall is not one of our favorities and after seeing him in this one we still fell the same way.

DINING

"The Barberry Room" (19 E. 52nd St.) One of those places you have to see to believe it exists. For a restaurant that is open until the wee hours having no dancing, music or other entertainment, the place is a revelation. There are three things that makes it a standout: Its food; its architecture and decorations; and last but hardly least its managing director, Jim Moriarty. Of its food, we haven't enough superlatives to describe it. You'll have to try it yourself. Architecture and decorations? Well, all we can tell you is that Norman Bel Geddes was given a big pocketbook and told to go ahead. The result is something to make your eyes pop. It has a mirror covered ceiling thirty feet above the floor out of which stars twinkle, while the walls (all of them) are sheets of mirrors stretching from the dimly lit ceiling to the softly lighted floor. It's not a very large room but the mirrors throwing back reflections upon reflections give it a feeling of space we haven't seen in any other place in New York. The ruler of this room is a tall, sandy thatched Irishman, Jim Moriatry. He's the genial sort you call "Jim" after only a few moments. At one time during our talk he mentioned casually that he was one of the few people who spoke and read Gaelic. We were tempted to try him out but as our knowledge of Gaelic is limited to three words for which we once had our face slapped, and cognizant that Jim towers above us by at least two feet, we decided that discretion is the better part of valor. Incidentally the Barberry is still on a gold standard. All the knives, forks, etc., are gold (we learned later that they're a copper composition called duro-gold) and it's the height of something or other to stick a piece of herring into your mouth with a gold fork. All this elegance comes high but is definitely a place to visit but better come well heeled.

NIGHT CLUB

Leon & Eddie's, one of the old standbys on New York's famed 52nd Street is, so far as we know, the only place in midtown that puts on the kind of show that people from out of town go for with a bang. Like strip tease dancers? Leon & Eddie's have one on the bill (Rose La Rose) that'll make your heart miss a couple of beats. Want a good looking chorus line? Then the Bobby Sanford girls more than satisfy. No fancy drapes, mirrors or lighting effects here. Instead the walls are covered with cartoons of girls in various stages of disarray under which are captions that will make you bust with laughter. This scheme is carried even into the rest rooms. In the men's wash room the conveniences are painted to resemble the heads of Hitler and Mussolini. A good deal of amusement in a night club is generated by the patrons. Well, here they have a dance called "boomps-a-daisy" where the show girls choose guests as partners and away they go! It's fun to watch even if you don't particpate. Prices after 10 call for a $3 minimum which may be consumed in either drinks of food.

Treasury Bills Tenders

Secretary of the Treasury Morgenthau announced on Aug. 30 that the tenders to the offering last week of $100,000,000, or thereabouts, of 91-day Treasury bills totaled $383,608,000, of which $100,369,000 was accepted at an average rate of 0.090%. The Treasury bills are dated Sept. 3 and will mature on Dec. 3, 1941. Reference to the offering appeared in our issue of Aug. 30, page 1204.

The following regarding the accepted bids for the offering is from Mr. Morgenthau's announcement of Aug. 30:

Total applied for $383,608,000. Total accepted $100,369,000.

Range of accepted bids (excepting one tender of $25,000).

High, 99.986, equivalent rate approximately 0.055%.

Low, 99.975, equivalent rate approximately 0.099%.

Average price, 99.977, equivalent rate approximately 0.090%.

(35% of the amount bid for at the low price was accepted.)

Investment Trusts

Our defense program was instituted about mid-1940. At that time the stock market was at a temporary low—111.84 as measured by the Dow-Jones Industrial Average on June 11, 1940. Since then the tempo of defense has been gradually stepped up, and the stock market has moved slowly upward, reaching a high of 130.06 on July 28, 1941 as measured by the Dow-Jones Industrial Average.

"What's the best war-time investment? What should I be buying now?"

That's what the investor wants to know. And the most logical way to examine securities is from the angle of protection and profits under a war-time economy. What have the open-end investment companies been doing during the past few months as this country has been turning towards a war economy?

During this brief period of change-over from peace to war production the open-end investment companies have turned in a very creditable performance. Obviously, no properly diversified portfolio could be expected to act like a lucky "war baby". The aim of a diversifed portfolio is to turn in average results, remembering that the usual investor fares not nearly so well as the market averages.

From the low of June 11, 1940 to the high of July 28, 1941 the twenty leading open-end trusts listed below produced an average performance substantially better than that of the Dow-Jones Industrial Average.

With the Trusts (whose performances are adjusted to include dividend returns) are compared the thirty stocks which make up the Dow-Jones Industrial Average, also adjusted for dividends, and the Dow-Jones Industrial Average itself, to whose performance has been added the arbitrary figure of 6% to adjust for dividends.

Performance June 10,1940—July 28, 1941
(Adjusted to include dividends)

Open-End Investment Companies	%Change
American Business Shares	+25%
Boston Fund	+27
Broad Street Investing Co.	+31
Bullock Fund, Ltd.	+31
Commonwealth Investment Co.	+42
Delaware Fund	+34
Dividend Shares	+33
Eaton & Howard Stock Fund	+29
Fidelity Fund	+26
First Mutual Trust Fund	+24
Fundamental Investors	+29
Incorporated Investors	+34
Investment Company of America	+47
Investors Fund C	+33
Massachusetts Investors Trust	+26
National Investors	+19
New England Fund	+30
Selected American Shares	+32
Sovereign Investors	+28
Wellington Fund	+36
Average	+31%
Dow Jones Industrial Average (plus 6%)	+22%

Stocks Composing Dow Jones Industrial Average	% Change
Allied Chemical	+29%
American Can	+08
American Smelting	+39
American Tel. & Tel.	+11
America Tobacco B	+04
Bethlehem Steel	+27
Chrysler	+17
Corn Products	+27
du Pont	+13
Eastman Kodak	+43
General Electric	+22
General Foods	+19
General Motors	+13
Goodyear	+54
International Harvester	+51
International Nickel	+42
Johns-Mansville	+61
Loew's	+66
National Distrillers	+50
National Steel	+11
Proctor & Gamble	+17
Sears Roebuck	+23
Standard Oil (Cal.)	+33
Standard Oil (N. J.)	+42
Texas Corp.	+33
Union Carbide	+30
United Aircraft	+15
U. S. Steel	+42
Westinghouse E & M	+19
Woolworth	+07
Average	+29%

Among the many interesting observations that can be drawn from these figures is that while individual stocks outperformed individual trusts (as is to be expected) the average trust results were better than the average for the individual stocks. Moreover, while an investor buying individual stocks in the Dow-Jones Industrial Average might have experienced a gain of only 4%, including dividends, while the poorest record turned in by any of the trusts during the period was a gain of 19% including dividends. One-third of the industrial stocks recorded advances of less than 19%.

(Continued on Page 13)

The Municipal Market

If we in this country continue to appropriate almost entirely in billions, as we are now doing, it is not unlikely that in a few years the total burden of taxation will become so heavy that a readjustment will be necessary in the traditional fiscal relationships between the various units of government. This necessity, if it occurs, will stem directly from the loose fiscal policies of the present administration. It goes without saying that when readjustment comes, the autonomy of the states will be further limited.

Calling attention to the Treasury's appointment some time ago of a committee (headed by Luther Gulick, director of the Institute of Public Administration) to "re-examine the problem of federal-state-local fiscal relations," the Editorial Research Reports digest suggests that the committee will find much food for thought in the experience of state and local governments during World War 1. Altogether, that experience was favorable because conditions themselves were favorable; the public debt was negligible and there was little or no conflict of function as between the state and the federal government.

Just as it did in World War 1, rising national income probably will operate to increase temporarily state and local tax yields. If state and local public works are deferred and other types of non-defense expenditures eliminated or reduced, the various subdivisions of government will benefit. On the other hand, however, any reduction in the state and local tax burden seems almost certain to be smaller than the prospective rise in the federal tax load. Hence the total burden will be increased over the longer term.

Ending of Tax-Exempt Status Still Sought

Since Congress is currently casting about for new tax sources to be tapped in the supplying of ever-increasing defense demands, Treasury officials are said to be hopeful of successfully consummating its long campaign to tax State and municipal obligations. The Treasury is reported as looking forward to a favorable decision of the case before a court of appeals on the bridge and port authority suits, as an entering wedge for steamroller activities.

Long-Term Financial Programs Of Many Cities May Serve As Models

Municipalities planning to operate on a pay-as-you-go basis during the national emergency period can use as models the long-term spending programs developed by various cities since 1916 to help them through depression and prosperity years, the Municipal Finance Officers Association of the United States and Canada said on Monday.

By putting such programs in operation now, many public officials say, cities would bolster their post-war economy and, for the present, avoid difficulties in obtaining needed public works materials scheduled for other purposes under the priorities system.

Properly developed long-range programs, the Association said give public officials a device to control capital expenditures in terms of types of improvement and timing of construction, and enable a city to take advantage of a general economic situation by spending in times of depression and conserving in times of relative prosperity.

A study of long-term spending programs of 30 cities, published by the Milwaukee municipal reference library, shows that agencies undertaking long-range programs vary from city to city. They have been sponsored by finance officers, mayors, city managers, commissions, planning boards and public works officials.

The present tendency is to make the city council or chief executive responsible for determining over-all policies, with technical responsibility resting with the finance and budget officers, the public works department and the city planning agency.

Until 1930 the usual practice was for cities to prepare long-term programs for a fixed period of time—five to 10 years. Since 1930, however, the majority of successful programs have been of the continuous type; that is, the program is reviewed and revised annually and a year added to replace the year just elapsed.

Improvement programs of various cities differ widely in scope, from plans covering activities of a single department or function such as those of the library board in Seattle and the school board in Milwaukee, to comprehensive long-term plans embracing all revenues and expenditures of a municipal government. Between these extremes there have been plans for improvements financed exclusively by bonds or special tax levies and plans covering all improvements or all capital expenditures. Methods of partial financing include the levy of a special millage tax for improvements, or allocation of a fixed sum over a period of years to be obtained by special levies.

Municipalities Warned to Replace Gasoline Taxes

Many municipal officials are apparently neglecting to prepare for a possible sharp falling-off in revenue from gasoline taxes, according to Louis F. Lebenthal, head of the odd lot Municipal Bond House which bears his name. He pointed out that states derive a considerable part of their revenue from this source with a similar situation existing in many large municipalities. Mr. Lebenthal said "Municipal officials should not be misled by the failure of the curfew law and other efforts. It is certain that in one way or another, the use of gasoline will be restricted during the coming months with a corresponding decline in gasoline tax revenues."

He added that there is no immediate cause for alarm; but that, nevertheless, municipal officials should now be giving serious thought to replacing imperiled gasoline taxes.

Municipal Finance Officials To Discuss Defense Problems

To establish a uniform policy for solving critical problems which the national defense program is creating in American cities, the Municipal Finance Officers Association of the United States and Canada has called an emergency conference in New York City for October 3 and 4, it was announced on Monday.

Comptroller Joseph D. McGoldrick of New York City will outline a concrete program for municipalities during the post-war period, and Lawrence M. Orton, a member of the New York City Planning Commission, will describe the effects to date of defense upon local planning and projects.

As a result of the far-reaching effects defense has already produced upon cities throughout the country so far as taxes, priorities and general policies are concerned, the finance officers will seek to outline specific remedies for new and critical administrative situations which have been created, the announcement stated.

The conference, it was said was called at the request of officials before whom new and pressing problems were coming for decision.

Mass. Legal Investment Law Revised

The savings bank investment statute of the Massachusetts general laws was completely revised at the 1941 session of the Legislature, we are officially informed. Chapter 413, Laws of 1941, approved on June 26, 1941, to become effective Dec. 1, 1941, carries this revision of Section 54 of Chapter 168 of the General Laws. The changes, which are not retroactive, classify New York State as one of the States adjacent to Massachusetts and thus liberalize the requirements with respect to New York municipal securities. As now amended, bonds or notes of New York counties, towns, cities, etc., qualify as investments for Massachusetts savings banks subject to the same tests as apply to municipals originating in the States of Maine, New Hampshire, Vermont, Rhode Island and Connecticut.

The revised law uses the assessed valuation of taxable real property as the basis for computing net debt, whereas the old law used the valuation of all property for the assessment of taxes. Because of this change the legislature has increased the net indebtedness limits. For instance, where the net debt limit for cities having a population of 30,000 and not more than 100,000 inhabitants was formerly 5%, the limit has been increased to 6%, and in the case of larger cities it has been increased 7% to 8%.

In the section of the law setting up restrictions with respect to obligations of municipalities in other States several changes have been made.

New Pa. Municipal Borrowing Act

The Pennsylvania Legislature passed and Governor James signed on June 25, 1941, a bill designated as "The Municipal Borrowing Law," and is now Act No. 87, Session of 1941. The Act, which becomes effective Jan. 1, 1942, is a praiseworthy attempt to restate the existing law, as set out in the Act of 1874 and its numerous supplements and complex court decisions, in one place for the convenience of local officials.

It does not confer on anyone the right to borrow any money nor does it take away the right to borrow. It rather sets up the procedure for borrowing where the power to borrow is conferred by the various municipal codes or other laws. Further information on the subject may be obtained from William S. Livengood, Jr., Secretary of Internal Affairs, Harrisburg, Pa.

Maryland Adopts New Capital Program

A capital improvement program which "should live and more with the times" has been adopted by the Maryland State Planning Commission, the American Public Works Association reported.

The program for expanding the state's facilities and buildings is to cover six years, but it will be subject to biennial revision, in order to meet any changes the future may bring. At the end of each two-year period, an additional two-year plan will be projected, so that the program actually becomes perpetual.

Adoption of the program was preceded by a joint study by the Planning Commission and the State Department of Budget and Procurement, with technical assistance of the National Resources Planning Board.

Philadelphia Redemption

The City of Philadelphia last week issued a call for redemption on Oct. 27 next of $8,804,000 of 5¼ per cent callable bonds, a move which municipal bond circles expect will be preceded by the sale of a new issue of serial bonds at a lower interest rate.

The $8,804,000 of 5¼s were issued in October, 1921, are callable after Oct. 26, 1941, and mature in October, 1971. The refunding will effect a considerable saving in interest to the city. The issue will be paid off at par and accrued interest at the office of the city's fiscal agent. The 5¼s were not included in the Drexel & Company-Lehman Brothers refunding plan, under which the holders of $131,064,000 of the city's obligations are voluntarily refunding their securities for new issues.

A Philadelphia news report states that the city has come a long way financially since the depression years of the early '30s. The era of budget deficits to which the average Philadelphian had become accustomed is now a thing of the past and the point has been reached where various city officials are now estimating how large the city's surplus will be at the year-end.

Louisiana Debt Structures Analyzed

The 1941 edition of their publication, "Bond Structures of the State of Louisiana and Its Parishes," has just been prepared by Scharff & Jones, Inc., Whitney Building, New Orleans. A copy of this highly informative booklet will be supplied gratis by the above firm, on request from either dealers, institutions or individuals who have an interest in Louisiana securities.

San Francisco Seeks Approval Of Hetch Hetchy Bonds

At the general election this November voters of San Francisco will pass on the proposed issuance of $66,500,000 bonds, the funds to be used for the purchase of the distribution system of Pacific Gas and Electric Company, to serve the Hetch Hetchy power plant. The City Attorney was instructed to draw a charter amendment to allow for the issuance of the bonds, with the approval of Interior Secretary Ickes.

Utilities Manager Cahill is said to have told the Board of Supervisors he believes the bonds can be marketed at 3% and retired in 33 years.

Minn. Attorney General Rules Against Bond Prepayment

The state board of investments of Minnesota can not be compelled to accept payments on county bonds before they are due. J. A. Burnquist, attorney general, ruled last week in an opinion requested by the attorney for Renville County. Mr. Burnquist held in his opinion that the board could refuse the payment even though the county might be able to obtain a lower rate of interest by refinancing its debts.

Russell Frazee, Renville County attorney, said the county had borrowed $262,000 in state bonds drawing 4 and 5 per cent while the county could now refinance its obligations at 2 per cent. Mr. Burnquist maintained that his decision was based on provision in the state constitution which holds that state trust funds are "inviolate."

Industrial Firm Outbids Bankers for Bonds

An incident which served to break the summer lethargy in the municipal field took place last week in the form of a successful bid by a private corporation for $129,000 Wyandotte, Mich., sidewalk and paving bonds, due Sept 1, 1942 to 1945. Michigan Alkali Co. won the award of the bonds on a bid of 100.11 for ¾ per cent securities, just nosing out Halsey, Stuart & Co., Inc., which underwriting firm bid 100.06 for ¾ per cent bonds. Dealers were unable to recall any incident in recent years in which a manufacturing corporation bid successfully for a municipal issue, although insurance companies sometimes won awards.

N. Y. City's Sinking Funds Declared Sound

City Comptroller Mc Goldrick reported last week to the board of estimate that New York City's sinking funds are on the "soundest basis which prudent fiscal planning can provide" and actually ended last year with a $4,045,680 surplus.

When the 1940-41 fiscal year ended on June 30 the sinking funds, he said, had assets on hand equivalent to more than 26% of all the outstanding corporate stock debt. The comptroller also said that a $26,?55,076 reduction in this outstanding debt "reflects our policy of financing capital improvements more and more through the issuance of serial bonds rather than by corporate stock, because of the more economical character of the former."

Jacksonville Offers Bond Exchange Plan

A letter is being sent out by Natt T. Wagner of New York City, to holders of certain bonds of the above Florida city, explaining a proposal made by the city to exchange for certain outstanding bonds maturing in the years 1942 to 1945, inclusive, new refunding bonds maturing in 1950 to 1959. The refunding bonds will bear interest at the rate of 4% to the date of maturity of the presently outstanding bonds exchanged therefor and 2½% there-after to maturity. The new bonds will dated Sept. 1, 1941. The City of Jacksonville has entered into a contract with Mr. Wagner whereby he is to assist the city in consummating the exchange of the bonds.

USHA Announces Local Bond Offerings

Nineteen local housing authorities are offering for public sale on Sept. 17 a total of $4,767,000 series A bonds for slum clearance purposes. Since the initial sale in February of last year of several small issues of Local Housing Authority series "A" bonds, market interest in this new type of investment security has steadily broadened.

Dozens of investment houses are now bidding for new issues as they appear and, through the combined retail sales activities of these specialists, thousands of investing institutions and private investors are becoming acquainted with Local Housing Authority obligations.

Sept. 4th (Today)

$1,000,000 Chicago Sanitary Dist., Ill.

On June 5 the district awarded $4,000,000 bonds to a syndicate headed by Halsey, Stuart & Co., Inc. of Chicago. Runner-up in the bidding was the National City Bank of New York, and associates

Sept. 11th

$745,987 Utica, N. Y.

Glore, Forgan & Co., and Schwabacher & Co., both of New York, bidding jointly, obtained the award of the bonds offered on May 1. The joint account of Graham, Parsons & Co., and Hemphill, Noyes & Co., both of New York, was runner-up.

Sept. 12th

$1,230,000 Cuyahoga Co., Ohio

The county awarded bonds last March to a syndicate headed by Field, Richards & Co. of Cleveland, while Halsey, Stuart & Co., Inc. of Chicago, was second best.

Sept. 17th

$4,767,000 USHA bonds

This offering is made up of: $133,000 Alexandria, Va., $98,000 Decatur, Ga., $97,000 Fort Lauderdale, Fla., $97,000 Granite City, Ill., $227,000 High Point, N. C., $227,000 Hammond, Ind., $82,000 Key West, Fla., $138,000 Kinston, N. C., $52,000 Lakeland, Fla., $389,000 Macon, Ga., $38,000 Madisonville, Ky., $277,000 New Bedford, Mass., $196,000 New Bern, N. C., $63,000 North Little Rock, Ark., $816,000 Peoria, Ill., $1,338,000 San Antonio, Texas, $21,000 Sarasota, Fla., $346,000 Springfield, Ill., and $132,000 Texarkana, Texas, housing bonds.

Sept. 23rd

$500,000 Prince George's Co., Md.

Small bond issue was awarded in Oct. 1939 to Butcher & Sherrerd of Philadelphia Next highest bidder was Halsey, Stuart & Co., Inc., while John Nuveen & Co. of Chicago, was third.

Hanauer 10th Anniversay

NEWARK, N. J.—J. B. Hanauer & Co., 1180 Raymond Boulevard, established in 1931 to specialize in New Jersey municipal bonds, will celebrate its tenth anniversary on Thursday, September, 11th, 1941, by holding open house at its Newark office.

Now Wm. C. Seufferle Co.

Cincinnati, Ohio—Wm. C. Seufferle & Co., Carew Tower, has succeeded Seufferle & Kountz. William C. Seufferle, proprietor of the new firm, was formerly a partner in Seufferle & Kountz and prior thereto was an officer of Fullerton & Co., Inc.

Tomorrow's Markets Walter Whyte Says—

(Continued from Page 3)

optimistic note. It is possible that this one will end differently but that's something only time itself will prove.

* * *

Right now the big question on everybody's lips is why does the market creep along the way it does, rather than shoot up and recognize those super, super earnings. Well, one answer is the war, another is taxes. At least these are the most popular answers around. If you want more you can get them by just standing on the corner of Wall and Broad Streets for a half hour or so, or drop in to any boardroom.

* * *

I suppose there is a real answer to this question of "why?" But I don't pretend to know it. All I know is what the ticker tape says and right now it's not saying a thing. I realize that's poor satisfaction for anybody who reads this in the hope, or maybe it's just a desire, for some kind of an answer. However I don't make the market, I merely interpret it.

* * *

Yet the picture isn't quite as glum as you might think. For while the current market seems incapable of moving up it has indicated in the last few weeks that it's next important move—when, as and if — will be on the upside. There has been no sign in recent days to change that indication. But before you go off half cocked and decide the whole thing is simple as pie—buy 'em, hold 'em and make a lot of money—allow me to break in with just a little warning.

* * *

Yesterday afternoon a small cloud appeared on the market horizon. It wasn't an important cloud and may be dissipated before today is over, but important or not there it was. It appeared in the poor action of the oil stocks. I know there are reasons, rationing, etc. But reasons are one thing I don't like. It's the easiest thing in the world to have a reason out the poorest substitute for profits I know of. In any case the market has again worked itself into a position where any further reaction from here will not be pleasant.

* * *

Of course I might give you a certain "average" and tell you that such and such a figure must hold. But nobody I know has any averages. They have stocks. You'll have little to cheer if your average goes up, say two points, if your stock does nothing or goes down two points.

* * *

The same thing is true the other way. The averages may go down a couple of points or so but if your stocks refuse to follow suit or, better still, go up, then so far as you're concerned the market's swell.

* * *

If you've read so far then you must have realized that my writing pontifically about economics, trade factors or other matters equally impressive would be silly. So that being the case I'll devote the rest of this column to the stocks reader hold, or have been advised to buy here from time to time.

* * *

Last week I recommended Wheeling Steel at 29 or better. The stop at 27 still applies. In addition to this one you still hold positions in the following:

* * *

Their buying levels and prices under which they should not be held follow:

* * *

Swift & Co., bought between 24-25; stop at 23½. Warner Bros., bought at 5; stop at 3¾. Anaconda bought at 27; stop at 25. Bendix bought at 37; stop at 34. N. Y. Shipbuilding bought at 15; stop at 26. Savage Arms (old) bought at 17—equivalent to 4 on present new; stop at 14½. Western Union bought at 24; raise stop from 22¾ to 25¾. I advised acceptance of profits in Western Union at 30 or better. During the week it managed to reach 29⅝ but did not cross the 30 level. Profit advice still holds.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Non-Signatory Coffee Quotas Are Allocated

The President's Executive Order executive order on Aug. 22 allocating the quota established under the Inter-American Coffee Agreement for countries which are not signatories "in order to afford such countries an opportunity to supply a fair share of the quota." The President ordered that for the quota year beginning Oct. 1, 1941, the quota limiting entries for consumption of coffee produced in countries which are not signatories of the Inter-American Coffee Agreement shall be allocated as follows:

British Empire, except Aden and Canada	33.04%
Kingdom of the Netherlands and its possessions	36.77%
Aden, Yemen, and Saudi Arabia	7.24%
Other countries not signatories of the Inter-American Coffee Agreement	22.95%

The President's executive order stipulated that during the effective period of this order, no coffee produced in the countries specified in paragraph 1 (as above) may be entered for consumption in excess of the respective quotas calculated by applying the percentages specified in paragraph 1 to the total quota for countries not signatories of the Inter-American Coffee Agreement.

The order will cease to be effective on Sept. 1, 1942.

Moody's Commodity Index Up Slightly

Moody's Daily Commodity Index closed at 214.2 this Tuesday, as compared with 213.4 a week ago. The principal individual gain was made in the price of cotton.

The movement of the index has been as follows:

Tuesday, August 26	213.4
Wednesday, August 27	214.3
Thursday, August 28	
Friday, August 29	213.9
Saturday, August 30	214.2
Monday, September 1	*
Tuesday, September 2	214.2
Two weeks ago, Aug. 19	210.5
Month ago, Aug. 2	212.7
Year ago, Sept. 2	*
1940 High—Dec. 31	71.8
Low—Aug. 16	149.3
1941 High—Aug. 27	214.3
Low Feb. 17	[illegible]

*Holiday.

Want A Hedge?

FHA Insured Mortgages offer the best "hedge" security for banks and insurance companies, according to Storms and Co., Commonwealth Building, Pittsburgh, Pa., which has prepared a most interesting circular on the subject, copies of which will be sent upon request.

WHISPERINGS

Put 'n Call dealer Seymour Ziff is the authority for the following yarn which he insists is no yarn at all. It all happened to a friend of his. It seems that his friend (who also lives on the Jersey coast) was inbibing too well if not too wisely and as the hour grew later hazily began to wonder about how he would manage to drive home. Upon expressing his apprehensions to a bar companion he was told that he (the bar companion) was driving in the same direction and if our inebriated friend were to follow him he would not wander off the road. After another drink to celebrate their new found friendship the pair set off, each in their respective cars. The second car was following the first car when suddenly car number one made a sharp right turn and stopped, and car number two rammed right into the first car. Driver of car number two stepped out: "Damn it all, man, why didn't you put your hand out!" The driver of the first car looked at him in amazement "Golly, I forgot all about you—and besides I didn't know I had to put my hand out in my own garage."

International Paper directors who meet for dividend action next will not do anything on the $5 accumulation . . . action will be postponed until the consolidation goes through. . . . West cost bulls are heavy buyers of Douglas 90 day paper. . . . Consolidated Aircraft will pay $1 on the new split stock. . . . Tool, jig and other charge offs are currently being applied by airplane companies against current income . . . so no sharp upturn in net to be expected until last quarter. . . August "Background" published by Lord, Abbett gives detailed analysis of Far East and traces Sino-Japanese relationship back to 1868. . . . It's a grand job 'n you can get it all for just writing them.

Magistrate Charles Solomon was sitting in judicial review on the N. Y. Park Department's ruling that a person may not use newspapers to sit on in public parks. One man who received a summons was standing before him awaiting his decision. After studying whatever papers magistrates study, hizzoner looked up and chiddingly warned the Park Department: "A man has a right to protect his rear end from dampness."

One of Wall Street's brighter lights, a young man who had been doing well was worried when he received a notice from his local draft board to appear for medical examination. After all, he reasoned, he had been years in getting some of the business that was just beginning to come in, and he wasn't going to give that up for any $21 a month. So before calling at the draft board he went around to his own doctor. He examined him and told him he was sorry but there was nothing wrong and that the chances of his being rejected by the Army were slim. "However" he added, "your eyes are a little weak." The next morning our young friend appeared at the local board. After the usual questions he was ushered into the doctor. "Doctor" the young man explained, "I can't see very well." The doctor going on with his examination didn't say anything except "h-m-m-m." Finally he came to the eyes. "So" said the doctor, "You can't see very well, eh?" "No sir," replied the young man joyfully, seeing a rejection in the offing. "It's all right, son" assured the examiner, "we'll put you way up front where you won't miss anything."

Sid Lurie, Parrish & Co.'s new security analyst-economist reads whodunits for relaxation. He insists, however, that the only way to read a mystery is to start it in the middle. In that way, he explains, you have the thrill of being in the dark about both the ending and the beginning.

The other day we dropped in to see a partner of a member house. We found him sitting at his desk surrounded by cancelled checks, and wearing a dark scowl. "I give up!" he announced in stentorian tones as we entered the office. "Give up what?" we asked meekly. "Look at these checks" he roared. We started to look. "Never mind" he interrupted, "I'll tell you about it instead." . . . So we listened and here's the sad tale: His wife had received a notice from her bank that her account was overdrawn. Being aware of how her husband felt about such things she decided to solve the matter herself. So she made out a check on the same bank, same account and sent it to them. She is now wondering why the bank and her husband act so stuffy about such a small thing.

Department Reports Weeks Food Purchases

The U. S. Department of Agriculture announced on Aug. 2[illegible] the purchase of the following food supplies during the week ending Aug. 23:

Commodity	*Quantity*
Pork Meat Products	
Canned	9,865,552*
Cured	15,388,000*
Casings	16,300¶
Lard	12,072,800
Shell Eggs	5,600‡
Dried Eggs	646,760*
Frozen Eggs	300,000*
American Cheese	2,039,000*
Dry Skim Milk (Spray)	413,000*
Dry Skim Milk (Roller)	950 400*
Evaporated Milk	279,000
Canned Fish (Spots)	40,600†
Canned Fish (Futures)	72,000†
Canned Prunes	290,000†
Canned Potatoes (Spots)	110,000†
Canned Bartlett Pears	105,150†
Tomato Paste	18,600†
Tomato Puree	43,000†
Dried Pears	2,104,000*
Dry Beans	1,790 000*
White Potatoes	74,000‡
Carrots	8,052
Beets	4,060‡
Tomatoes	8.996‡
Corn	9,205‡
Snap Beans	269†
Cabbage	42‡

* Pounds.
¶ 100-yard bundles.
† Cases.
‡ Bushels.

The Department also announced that the Surplus Marketing Administration during the week took over 10,000 bales of cotton 39,464,000 pounds of tobacco and 360,000 bushels of corn from the Commodity Credit Corporation.

The Department indicated that these food supplies can be used for domestic distribution to public aid families and for free school lunches, to meet requirements for the Red Cross for shipment to war refugee areas, for transfer to other countries under the terms of the Lend-Lease Act, or for stabilization reserves.

NYSE Borrowings Up

The New York Stock Exchange announced yesterday that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Aug. 30 aggregated $513,242,068, an increase of $108,769,527 as compared with the July 31 total of $404,472,541. The Exchange's announcement follows:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges reported by New York Stock Exchange member firms as of the close of business Aug. 30, 1941, aggregated $513,242,068.

The total of money borrowed, compiled on the same basis, as of the close of business July 31, 1941, was $404,472,541.

HERE AND THERE

(Continued from Page 3)

During the last 30 days, 109 of the issues increased in price, 21 showed declines while 70 were quoted at the end of the month at the same level as the opening prices.

GRAND PRIZE WINNERS

The grand prize award for the most excellent and attractive exhibit at the New York State Fair has been awarded to the Aetna Casualty and Surety Company of Hartford, Conn.

Second prize was won by the New York Telephone Company. Exhibitors from every section of the country were entered in the contest.

EASIER HERE—WE HOPE

Pointing out that inflation in the United States is only at its beginning, Hemphill, Noyes & Co. in a study just completed express the opinion that control of inflation is easier here than in any other nation of the world because of our large volume of available agricultural commodities and our very large productive capacity. It is improbable that this country will have a runaway or monetary type of inflation, according to the study, but the nation is nevertheless faced with the first phases of inflation and safeguards against it must be considered.

SAYS BROOKMIRE

Earnings reports continue to reveal a definite, though somewhat spotty, expansion in corporation profits. Widening restrictions at home, and war developments abroad, however, may exert a tempering influence on market psychology. Clients should retain the moderate cash existing in their funds, but the bulk of their holdings in well-diversified sound stocks should be maintained intact.

NOT THE FIRST TIME

The situation is not devoid of pitfalls and danger spots. This has, however, been the case, in one form or another, during any period of business expansion and profit chances since the days of the pioneers, and is no deterrent to evaluation of today's opportunities. It merely calls for redoubled vigilance in the judicious planning and supervision of investment portfolios and commitments for price appreciation.—*J. S. Bache & Co.*

RAILROADS AND GRASS ROOTS

Railway abandonment will continue with increased acceleration unless the communities threatened get the traffic back to the rails, W. M. Maupin, former member, Nebraska State Railway Commission, warns in a recent article in *Public Utilities Fortnightly.*

"The back-to-the-rails movement must begin at the grass roots," he says; "begin right where rail abandonment threatens the pocketbooks of those who live along the branch lines."

NO TRAFFIC JAMS, EITHER

Without interference with other heavy traffic, more than 1,650,000 members of the armed forces of the nation were transported by the railroads during the first seven months of the year.

THE SECOND PHASE

To an ever-increasing extent, the defense program is moving out of the period during which the main emphasis was upon the construction of new plants and the building of machine tools. The next phase will be that in which there is still greater production of materials and equipment which these plants and machines can turn out for the use of the Army and Navy and for shipment abroad. It will involve many more changes among normal business operations than have been required up to this time. These changes will greatly affect the general trend of all industrial and trade activity. —*La Salle Business Bulletin.*

SECONDARY DISTRIBUTIONS

Available information indicates that during the first six months of 1941 at least 6,500,000 shares of equities were distributed in this manner (secondary market distributions) by financial firms. This figure includes over two million shares of British holdings. In 1940, 2,600,000 shares were similarly placed. Blocks varied in size with 1,518,639 shares of Libby, McNeill & Libby the largest number of shares involved.—*Shields & Company.*

FOIL SANS ALUMINUM

Complete substitution of non-essential composition metal for aluminum foil has been announced by the Display and Container Divisions of the Reynolds Metals Company, largest manufacturers of foil in the United States.

Before the present shortage of aluminum, the Reynolds research laboratories began experiments with foils of other metals, and various plastics and substitutes. Because of this research, the new composition metal packages were ready for market as soon as the demands of defense production took over all available stocks of aluminum.

These new containers of composition metal foil are finding ready acceptance in the food field, according to J. Louis Reynolds, general sales manager of the company. The foil presents opportunities for brilliant display. Gold and silver backgrounds for embossed and printed labels and packages predominate in early deliveries of the new composition metal.

National Banks

The following information is from the office of the Comptroller of the Currency, Treasury Department:

COMMON CAPITAL STOCK INCREASED

August 26 The First National Bank of Beresford, Beresford, South Dakota. From $25,000 to $50,000.

Amount of increase—$25,000.

COMING EVENTS

Sept. 4, 1941 (New York City)
New York Stock Exchange members 45th annual golf tournament at Glen Oaks Club, Great Neck, L. I.

Sept. 8-9-10-11, 1941 (Cleveland, Ohio)
Financial Advertisers Association Convention at the Hotel Statler

Sept. 10, 1941 (Des Moines, Iowa)
Iowa Investment Bankers Ass'n annual Field Day at Wakonda Country Club.

Sept. 12, 1941 (New York, N. Y.)
Security Traders Association of New York annual summer outing and dinner at Hummocks Country Club, Mamaroneck, N. Y.

Sept. 12, 1941 (New York, N. Y.)
The Revelers 12th annual outing at Pomonok Country Club, Flushing, L. I.

Sept. 18-19, 1941 (Chicago, Ill.)
Municipal Bond Club of Chicago Fall Party & Field Day at Bob O'Link Country Club.

Sept. 23-24-25, 1941 (New Orleans, La.)
National Security Traders Association Convention at the Roosevelt Hotel.

October 7-8-9 (Biloxi, Miss.)
Twenty-fourth Annual Convention of National Association of Securities Commissioners at Hotel Buena Vista.

Nov. 30-Dec. 5, 1941 (Hollywood, Fla.)
Annual IBA Convention at Hollywood Beach Hotel.

Farmers Get Highest Prices Since May 1930

Prices received by farmers for their products advanced 6 points during the month ended Aug. 15 to reach 131% of the 1910-14 level, the U. S. Department of Agriculture said on Aug. 30. Following other recent advances, this rise carried the index to a level not exceeded since May 1930. Other details were given by the Department as follows:

All groups of commodities advanced during the month and all were substantially higher than the rather low prices of a year earlier. The greatest rise of the past 12 months was the 51-point increase in cotton and cottonseed prices. Meat animals followed closely with a 48-point advance. Compared with a year ago, chickens and eggs were up 40 points, dairy products 26 points, and grains 23 points.

Prices paid by farmers continued to rise, but prices received advanced at a faster rate. This brought the two indexes to exactly the same level and the ratio of prices received to prices paid stood at 100% for the first time since January 1937. With this exception, the purchasing power of farm products has been consistently lower than the pre-war average since May 1928.

The index of prices paid, interest, and taxes also advanced during the month and on Aug. 15 was 135. On this basis, the purchasing power of farm products was 97% of the 1910-14 average.

With a below-average cotton crop in prospect and increased domestic consumption continuing, the combined index of cotton and cottonseed prices advanced 7 points during the month to 128—the highest in 12 years.

Dealer Briefs

Scranton, Pa.

Investors can buy earning power today dirt cheap. My opinion is that sound, well-selected securities should be bought, despite wars, rumors of war, high taxes, administration evils, and almost anything else. This country isn't going to ballyhack, and those of us that get right down to brass tacks and hump and hustle and put our clients into good securities are going to come out all right, and so will the investor.

Of course, securities may and can go lower, but what of it; there is every reason to believe good securities will continue to pay, and real values will manifest themselves in higher prices some day—*Charles E. Robertson, Warren W. York & Company*

Philadelphia, Pa.

While the turnover of listed stocks is only 1/7th of what it was in the depressed year of 1918, a fact which is profoundly disturbing, we must remember that securities, both stocks and bonds, rest in more hands than ever before. There is latent in this fact an opportunity for greatly increased activity. We believe that faith in the capacity of American industry to go forward on a profitable basis will again establish itself. When this time comes, there should be more sunshine in the lives of both investors and dealers. Meanwhile "THUMBS UP!"—*A. C. Wood, —Jr., A. C. Wood, Jr. & Co.*

Regardless of union wage demands the low priced rail bonds and borderline situations are still attractive for further appreciation, with particular emphasis on Seaboard and "Katy." From the industrial point of view Indiana Limestone bonds offer a rare speculative opportunity, based on new developments.—*George J. Ourbacker, F. J. Young & Co., Inc.*

While practically all our individual customers are retaining substantial cash reserves, many who have heretofore confined their portfolios to better-grade bonds have diversified their holdings by the purchase of Insurance and Bank Stocks of long dividend records and unquestionable management. Our business has been better than we expected, and is improving.—*Clyde L. Paul, Paul & Co., Inc.*

We believe horse racing association securities to be one of the best mediums in which to invest funds which do not require marketablity because of the high rate of return and, contrary to general opinion, safety.

Horse racing is probably the oldest business in the world. It may be subjected to political whims but these are not as serious as they may seem because the states receive their share and do not want to do anything to cut off revenues. Many do not realize race tracks are privately organized corporations, owned and operated like any other business for a profit. This type of security is often closely held mainly because of the excellent dividends paid. Over a period of time prices do not fluctuate widely but the high return can be consistently relied on.

Racing today as a sport and a medium of speculation for the masses is becoming increasingly popular. It provides a day's exercise in the fresh air and usually entails a pleasant trip and change of scenery. The pari-mutuel handles most of the tracks thruout the country have shown a steady increase. The track and state make money on their division of the "take" or percentage deducted from the total money handled thru the pari-mutuel machines.

Everybody is happy with a day's racing, the taxpayer, the track, the racing fan, and the stockholder, in addition to breeders, owners, handlers and farmers. Horse racing securities in our opinion are good investments any time, war or no war. The public must be entertained. — *Alexander Smith, Alexander Smith & Co.*

Providence, R. I.

We find that as the cost of living increases and a dollar buys only fifty cents of merchandise, investors are inclined toward sound common stocks which show a long dividend record with prospects of larger earnings.—*Eli A. Wilcox*

Although investors are timid and inclined to hold an unusually large amount in cash, the chief trouble with the investment business today seems to be the attitude of the dealer himself.

Recently a block of 500 shares of First National Bank of New York stock was brought to our attention. Believing the offering price of $1485 was attractive, three of us partners went to work, with enthusiasm, the result showing total sales of 79 shares to 29 customers. The commission was small but at least we got some fun out of doing a job.—*Albert H. Poland, Miller & George*

Reading, Pa.

Bank stocks at current levels are extremely cheap, particularly sound Trust Companies. A Trust Company with its broader powers can earn more money, but they will all benefit greatly with any swing upward of money rates.—*Elmer W. Gray, Jr.*

Wilkes-Barre, Pa.

American investors are passing up a wonderful opportunity to buy the stocks of good sound corporations at the lowest prices in relation to earnings many of us have ever seen. For over two years we have been waiting for a selling climax and although we have passed through "Dunkirk", "Coventry" and "Crete", many are still waiting. During this period Dow-Jones averages have changed little from day to day, and are now about the same as they were at the end of August 1939, but a great many individual issues, and particularly preferred stocks with dividend arrears have had spectacular advances. We believe there are many more opportunities in securities of this type regardless of Hitler, John L. Lewis, or decisions in Washington.—*F. C. Booker, Booker Brothers, Inc.*

Heads U.S.-Moscow Mission

President Roosevelt announced on Aug. 29 that W. Averell Harriman, Minister to London expediting lease-lend aid, will head the United States' mission to Moscow to discuss with Russian and British representatives the problem of Soviet supplies needed in the war against Germany. The other members of the mission will be named shortly. No indication was given by the President as to how soon the mission would leave. This conference was suggested to Premier Josef Stalin of the Soviet Union by the President and Prime Minister Winston Churchill of Great Britain, following their recent conferences held at sea, for the purpose of deciding on apportionment of joint resources in the most effective manner. Their joint letter and Premier Stalin's acceptance of the conference proposal was referred to in our issue of Aug. 23, page 1063.

JOTTINGS

(Continued from First Page)

the defense program.

Probably few people realize the enormous increase in the American merchant shipbuilding program which has been effected in the last six months, and particularly by the deficiency bill signed by the President last week, which by itself nearly doubles the authorized ship construction. Present plans now call for the construction of nearly 1,400 ships by the end of 1943 of a deadweight tonnage of nearly 14,000,000 tons. This would be a shade larger than the total merchant ship construction of the United States during and just after World War I. The program calls for 6,500,000 tons annually in 1942 and 1943, which would be well over the current rate of sinkings, round 5,000,000 tons a year. Welding, pre-fabrication, and the use of standard types have already sharply speeded the rate of construction; quickest World War job from keel-laying to delivery was seven months and 24 days; for ships of comparable weight and speed this has already been cut to five and a half months and may be brought down to four months. First of the 60 ships ordered by the British here last December came off the ways August 16, ahead of schedule.

Gist of the present labor situation, high-lighted by the Kearney episode, seems to be that the period of voluntary organization, under six years of the Wagner Act, has been about concluded, and now the drive is to convert this into the closed shop. "Maintenance of membership"—the Kearney issue—is an opening wedge toward the closed shop, and the National Defense Meditation Board's rulings of recent months despite Chairman Davis' recent statement, seem to be paving the way to the closed shop as NLRB rulings did for voluntary unionism and bargaining rights. The closed shop has already been won in Ford, the West Coast shipbuilding industry, and Boeing and may now be looked for in the rest of the automobile, aviation, and shipbuilding industries and then in steel, and these will soon be the country's four biggest industries. NDMB attitude has caused membership maintenance or closed shop to become practically standard items in every labor controversy.

While the Senate Finance Committee took off the House' proposed tax on billboards and radio time sales, advertising agencies are worried. Thurman Arnold seems to have in mind using the gasoline shortage to attack the advertising of brand names. Coordinator Ickes, to judge by the chapter on advertising in his "American House of Lords," has no love for the business. TNEC Monograph No. 1 adversely criticised brand advertising. Mr. Henderson seems minded to exclude advertising from the costs to be considered in fixing price ceilings. Most worrisome thought of all is that in a short time most American industry will be producing either for the government or for a public which will take all it can supply, advertised or unadvertised.

Life insurance sales are barely responding to the current prosperity. They are running scarcely 5 per cent over last year, and the probable 1941 total of under $14,000,000,000 compares with a 1929 total of over $19,000,000,000. It is hard to weigh the reasons, which are partly financial, partly psychological. Sluggish increase in "industrial" insurance sales may be due to this year's TNEC attack, plus the competition of Social Security. Smallness of the increase in ordinary life sales, made chiefly to the middle class, may be due to fear of inflation, to worry over prospective increases in the income tax, to the rising net cost of life insurance (as companies are forced by lower interest rates to cut dividends), and to general uncertainty over the total economic outlook.

Despite the indication in the recently renewed Bank of France circulation statements that the rate of growth in note circulation is diminishing, the general picture is not changed that a continuous and insidious inflation is under way in the captive democracies. This inflation, for various technical reasons, has a deflationary effect on Germany, which is by various means absorbing goods from the captured countries at cut prices or no cost at all. This tends to weaken the general argument of those who point to Germany as a proof that inflation can be avoided if a modern government is serious about it.

On the other hand those who maintain that the United States is "on the brink of inflation" ignore one curious contrast in the American price situation. Such extremely scarce commodities as the ferrous and non-ferrous metals have experienced practically no price increase. The major price increases have come in commodities, particularly farm crops, which are most redundant. The law of supply and demand has been almost exactly reversed.

How Others View The Market

September Morn

Labor Day not infrequently marks a decisive point in financial markets.

Past market performance is, of course, a most unreliable guide to the future, but it is significant to note that September often brings important changes in the price level, viz: recall the nosedives of 1937 and 1929 and the skyrocketing of 1939, to mention only a few.

The best guarantee against nosedive would seem to be found in the fact that the market is virtually on a cash basis; that the public is "out" and not "in" the market; that idle funds awaiting investment are growing larger and larger; that the purchasing power of the dollar is becoming smaller and smaller; that higher individual income taxes bring increasing pressure upon investors to obtain a larger income from investments, except for the relatively few in the high surtax brackets; that best grade equities yielding upwards of 5½% are infinitely better investment media than high grade long term bonds yielding from 2% to 3%.

Ghosts of Caesar

Investors, unlike Caesar's "All Gaul", may be divided into only two parts, namely those of the "Gee Whiz" and "Aw Nuts" varities.

The difference between the two is the difference between conditions existing in the late twenties and conditions existing at present.

Today many bonds yield close to 10% and cover fixed charges by a wide margin; some preferred stocks sell for 2 or 3 times share earnings, pay good dividends, and have dividend arrears approximating market prices; then there are some common stocks selling for about this year's earnings, with few buyers.

Clearly the designation which might be applied to the present period is that it might be termed the "Aw Nuts" era—with the "Gee Whiz" period yet to come.

Apathy

All that we are trying to say is that the present era of protracted dullness, with volume running around 300,000 to 400,000 daily, is a very long way away from the 10,000,000 share days of the late twenties; that the only important change which can occur is in the direction of expansion; and that any sizeable increase in volume will mean a substantially higher price level.

This is in no sense a prediction that a big expansion in volume is imminent, but rather that the present apathy and indifference on the part of the investing public will not continue indefinitely. What is happening today has happened before—all one has to do is to take a look at the coma periods during World War I, two of which lasted roughly five months each.

Markets are forever prone to run to extremes—the extremes of over-caution and over-confidence. Certainly no one in touch with conditions today would designate the investing public as being over-confident.

Statistics

There is an old adage that statistics will lie, and in passing, it might be well to pay tribute to figures purporting to show the ever increasing army of stockholders.

One large corporation publishes data at regular intervals and today reports more stockholders than in 1929. This is undoubtedly true insofar as it goes, but the point not to be overlooked is that almost every Tom, Dick, and Harry in the market in 1929 had active brokerage accounts. The stocks instead of being in, say, 100 different names were in one name—that of the broker.

Today almost everyone owns securities outright, has them registered in his name and has them locked up in the box. To argue that there are more people interested in stocks today than in 1929 doesn't make sense—at least not much—to us anyway.

And, while on the subject of erroneous statistics—and quizes—we hope someone someday will launch a quiz movement to end all "Quiz-lings". For an opening question we would like to resurrect the old chestnut, viz: if a farmer has 4½ haystacks in one corner of the field and 3½ in another corner and puts them together in the center of the field, how many haystacks will he have? No, the answer is not 8, but just one awful big haystack.

Utilites

Keynote to the market has been selectivity.—*G. Y. Billiard, J. R. Williston & Co.*

Milkshed Producers To Vote On Price Rise

An amendment which on the basis of present butter prices would in effect mean an increase of 23 cents per hundredweight over the existing $2.88 producer price set for Class I (fluid) milk under the Federal order regulating the handling of milk in the New York metropolitan area, was announced Aug. 30 by the Department of Agriculture. The amendment, issued by Secretary of Agriculture, Claude R. Wickard for immediate submission to producers and handlers, returns, with the addition of 46 cents per hundredweight, the pricing of Class I milk to the price schedule provided by the order which was set aside by a recent amendment establishing set prices effective July 1. Also raised, by 15 cents per hundredweight, is the schedule price for Class II-A milk (used primarily for cream). The Agriculture Department's announcement further stated:

The increases under the amendment would continue in effect until April 1, 1942. Producers' of milk for the New York market will vote on the amendment in a referendum to be conducted by mail immediately. A marketing agreement incorporating the changes will be submitted to handlers of milk in the market for their signature.

The price changes for the upper classes of milk are being placed before the industry for immediate action because of emergency conditions in the milk producing territory caused by widespread drought and national defense adjustments. These changes based on the record of public hearings held in New York State during the first half of August are being submitted at an earlier date than is possible to reach conclusions as to the need for amending other provisions of the order. Department officials said they would continue their study of the hearing record to determine whether additional modifications should be made. If so, further hearings would be held to consider proposals to amend other provisions of the order. Also more recent factors affecting farm costs may show further increases necessitating reconsideration of prices in the order.

Plans to hold hearings on the amendment were mentioned in our issue of July 26, page 474.

"Grand Circle" R. R. Fares To Be Continued

"Grand circle" railroad fares which were to have expired on Oct. 31 will be continued for an indefinite time, John J. Pelley, President of the Association of American Railroads, announced on Sept. 2. First established experimentally in the spring of 1939, they enable travelers to go by rail from their homes to both coasts and return at considerably less than standard rates.

"The railroads have decided to keep the greatly reduced fares in effect until further notice," Mr. Pelley said, "because grand circle tours have met with great success and have made it possible for many people to go long distances who might not otherwise have been able to afford it. Since the inauguration of this unique plan, thousands of travelers and vacationists have availed themselves of the opportunity to see America at surprisingly little expense."

Under the plan, the railroad spokesman pointed out, a circle tour coach ticket sells for only $90, and a first-class ticket for $135, plus special Pullman rates of $45 for a lower berth and $34.50 for an upper. Half fares are allowed children between 5 and 12 years of age who are accompanied by parents or guardians.

Bond Prices Remain Steady

There has been very little change in the bond market this week. High grades have continued at former high levels and Treasury bonds have advanced a little.

High-grade railroad bonds have displayed a mixed trend. Atchison Topeka & Santa Fe general 4s, 1995, declined 3/8 to 110 while the inactively traded Kentucky Central 4s, 1987, touched a new 1941 high of 110 1/4, a gain of 3/8 point. Medium-grade issues have been generally firm while the more speculatively situated rail bonds have registered fractional gains in large part. Among the former group, Western Maryland 4s, 1952, were up 1/4 point at 90, while among bonds in the latter category, Pittsburgh & West Virginia 4 1/2s, 1958, advanced 1 3/4 to their 1941 high of 65 1/4. Defaulted rail bonds have been higher with Minneapolis St. Paul & Sault Ste. Marie Ry. bonds being actively traded in upon announcement of an I.C.C. examiner's plan of reorganization for the road.

Trading in utility bonds has been extremely light. Investment quality issues have been steady but lower grades have been irregular. International Hydro Electric 6s, 1944, showed good recovery after early weakness but generally fluctuations have been limited.

Little of importance has occurred in the industrial section of the list. Most obligations have been generally steady, although the International Paper Company bonds were down fractionally, while the International Mercantile Marine 6s, 1941, gained 3/4 point at 90. The Childs Company 5s, 1943, had a sharp run-up, gaining 3 7/8 points at 50 1/8.

Among foreign bonds Brazilian issues have continued in better demand, especially those of the State of Sao Paulo with the Coffee Loan 7s advancing to a new high. Colombian issues also displayed improved sentiment while Chilean and Argentine bonds have been slightly mixed. Favorable interpretation of recent political developments has been reflected in an advance of Japanese bonds which subsequently relinquished some of their gains under new pressure. Australian and Canadian loans have been firm while in the European list Danish and Norwegian issues have remained steady.

Another Milestone

(Continued from First Page)

In seeking to remedy these defects, we have carried the Chronicle past another milestone by furnishing its readers with a publication more modern and attractive in appearance, far more convenient to its readers the business and financial leaders in the larger banks, insurance companies and corporations throughout the country. They will find that the new and improved Chronicle will supply them with the wealth of information, the discussions and essential statistical data to which they have grown accustomed. It will bring them, too, numerous new features, some of them from the Security Dealers Weekly Financial Reporter which has been combined with the Chronicle.

Though much younger than the Chronicle, the Financial Reporter has won a distinct place for itself among security dealers, brokers and the investment banking fraternity. Its contents and its somewhat more modern spirit will be embodied fully in the combined publications.

This new, yet very old publication will appear three times a week. The Thursday morning issue will carry all the editorial material and special features heretofore found in the Financial Reporter. It will contain, too, the record of business indications, current events and discussions formerly published in the Chronicle. Then, in addition to all this, there will be a number of special articles and departments that are completely new.

Two other issues, one appearing Tuesday morning and the other on Saturday will be devoted to corporation and municipal news and reports. Bank and other financial statistics will be included with stock and bond quotations and similar statistical data heretofore appearing in the Chronicle. The usual corporation and municipal news will be found in the Tuesday and Saturday issues, whereas more general information on corporate and municipal securities will be published in the Thursday issue.

A convenient index covering the more important features and brief summaries of outstanding news developments will be features in the Thursday issue. This will, we hope, be of great convenience to readers. Corporation and municipal news in the Tuesday and Saturday issues will be indexed cumulatively each week. Other material will be properly indexed in each issue. The usual quarterly index covering the entire publication will be continued, but will be substantially enlarged and improved.

Subscribers to the Chronicle will, of course, receive all issues of the new Commercial & Financial Chronicle. The early edition of the Thursday issue alone will be sent to subscribers to the Financial Reporter.

It is, of course, our earnest hope that we have evolved a method of rendering greatly improved service to all of our readers, of bringing our editorial discussions, special features and news reports much more effectively to the attention of our subscribers. At the same time, the specialized sections giving essential statistical data have been redesigned to make this information more easily accessible to those who have for many years been in the habit of using these features regularly.

We shall naturally continue to search unremittingly for opportunities to improve the Commercial & Financial Chronicle still further.

William B. Dana Company

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES †
(Based on Average Yields)

1941 Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus.
Sept 2	119.13	107.80	118.20	114.66	108.88	92.06	97.16	112.00	115.43
1	Stock Exchange Closed								
Aug. 30	119.14	107.80	118.40	114.85	108.88	91.77	97.16	112.00	115.24
29	119.14	107.80	118.40	114.85	108.88	91.77	97.16	111.81	115.43
28	119.03	107.80	118.40	114.85	108.70	91.91	97.16	111.81	115.43
27	119.02	107.80	118.20	114.85	108.70	92.06	97.31	112.00	115.24
26	118.94	107.80	118.20	114.85	108.70	91.91	97.16	112.00	115.24
25	118.79	107.62	118.20	114.66	108.70	91.91	97.16	112.00	115.04
23	118.78	107.62	118.00	114.66	108.70	91.77	97.16	112.00	115.04
22	118.78	107.62	118.00	114.66	108.70	91.77	97.16	112.00	115.04
21	118.72	107.62	118.00	114.66	108.70	91.91	97.16	112.00	115.04
20	118.73	107.62	118.00	114.66	108.70	91.77	97.00	112.00	115.04
19	118.76	107.62	118.00	114.85	108.52	91.77	97.16	112.00	114.85
18	118.76	107.62	118.00	114.85	108.52	91.77	97.16	112.00	114.85
16	118.88	107.62	118.00	115.04	108.70	91.77	97.16	112.00	115.04
15	118.90	107.80	118.00	115.04	108.70	91.91	97.31	112.00	115.04
14	118.75	107.70	118.00	115.04	108.52	92.06	97.31	112.00	115.04
13	118.72	107.80	118.00	115.04	108.52	92.06	97.47	112.00	115.04
12	118.74	107.80	118.00	115.24	108.70	92.06	97.31	112.00	115.24
11	118.71	107.80	118.20	115.04	108.70	92.06	97.47	112.00	115.04
9	119.09	107.80	118.20	115.24	108.52	92.20	97.47	112.00	115.24
8	119.20	107.98	118.20	115.24	108.70	92.20	97.47	112.00	115.24
7	119.33	107.98	118.20	115.24	108.70	92.20	97.47	112.00	115.24
6	119.48	107.98	118.20	115.24	108.52	92.35	97.62	112.00	115.24
5	119.48	107.98	118.40	115.24	108.52	92.35	97.62	112.00	115.24
4	119.50	107.80	118.40	115.04	108.52	92.20	97.62	112.00	115.24
2	119.54	107.98	118.40	115.24	108.52	92.20	97.62	112.00	115.24
1	119.56	107.80	118.20	115.24	108.52	92.06	97.47	112.00	115.24
July 25	119.55	107.80	118.00	115.24	108.52	92.06	97.47	112.00	115.04
18	119.47	107.62	118.20	115.04	108.34	91.91	97.46	112.00	115.04
11	119.46	107.62	118.20	115.04	108.16	91.91	97.16	111.81	115.04
3	119.55	107.44	118.00	114.66	107.98	91.77	97.00	111.62	114.85
June 27	119.45	107.44	118.00	114.66	107.80	91.77	97.16	114.44	114.66
20	119.02	107.09	117.80	114.46	107.62	91.48	97.00	111.44	114.27
13	118.97	106.92	117.60	114.08	107.44	91.48	97.00	111.25	113.89
6	118.81	106.74	117.20	113.70	107.27	91.19	96.69	110.88	113.31
May 29	118.71	106.39	116.61	113.31	107.09	91.05	96.69	110.70	112.75
23	118.35	106.39	116.80	113.50	106.92	91.19	96.69	110.70	112.93
16	118.52	106.39	116.61	113.31	106.92	91.34	96.85	110.52	112.75
9	118.45	106.56	116.80	113.12	106.92	91.62	97.00	110.52	112.93
2	118.66	106.39	117.00	112.93	106.74	91.34	96.85	110.52	112.75
Apr. 25	118.62	106.21	116.61	112.75	106.56	91.19	96.69	110.34	112.19
18	118.28	105.86	116.41	112.56	106.39	90.91	96.54	110.15	112.00
10	117.36	105.69	116.41	112.19	106.21	90.77	96.54	109.79	111.81
4	117.55	106.04	116.80	112.37	106.21	91.48	97.00	109.97	112.19
Mar. 28	117.80	105.86	116.41	112.19	106.04	91.05	96.54	109.79	111.81
21	117.85	106.21	117.00	112.93	106.56	90.77	96.54	110.15	112.75
14	117.77	106.21	117.40	113.31	106.56	90.48	96.54	109.97	113.31
7	116.90	106.04	117.40	113.31	106.39	90.20	96.23	109.97	113.12
Feb. 28	116.93	105.86	117.20	112.93	106.21	89.78	95.92	109.79	112.75
21	116.06	105.52	117.00	112.75	106.04	89.52	95.62	109.60	112.75
14	116.24	105.86	117.60	113.12	106.21	89.64	95.92	109.60	113.12
7	116.52	106.21	117.80	113.31	106.39	90.20	95.54	109.79	113.31
Jan. 31	117.14	106.39	118.00	113.70	106.39	90.48	96.85	109.79	113.70
24	117.64	106.56	117.60	113.89	106.56	90.77	97.16	109.97	113.50
17	118.06	106.56	118.20	113.89	106.56	90.48	96.69	110.15	113.89
10	118.03	106.56	118.20	114.27	106.56	90.34	96.69	110.15	114.08
3	118.65	106.39	118.40	114.46	106.39	89.78	95.92	110.15	114.46
High 1941	119.62	107.98	118.60	115.24	108.88	92.35	97.62	112.00	115.43
Low 1941	115.89	105.52	116.22	112.00	106.04	89.13	95.62	109.42	111.62
High 1940	119.63	106.74	119.00	115.04	106.74	89.92	96.07	110.88	114.85
Low 1940	113.02	99.04	112.19	109.60	99.52	79.37	83.38	105.52	106.56
1 Yr. Ago									
Aug. 31 '40	115.71	103.64	116.22	112.56	103.47	85.85	91.91	109.24	111.25
2 Yrs. Ago									
Sept. 2 '39	113.63	97.94	111.25	106.74	96.85	81.05	87.18	102.80	105.17

MOODY'S BOND YIELD AVERAGES †
(Based on Individual Closing Prices)

1941 Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Sept 2	3.29	2.74	2.92	3.23	4.27	3.93	3.06	2.88
1	Stock Exchange Closed							
Aug. 30	3.29	2.73	2.91	3.23	4.29	3.93	3.06	2.89
29	3.29	2.73	2.91	3.23	4.29	3.93	3.06	2.88
28	3.29	2.73	2.91	3.24	4.28	3.93	3.07	2.88
27	3.29	2.74	2.91	3.24	4.27	3.92	3.06	2.89
26	3.29	2.74	2.91	3.24	4.28	3.93	3.06	2.89
25	3.30	2.74	2.92	3.24	4.28	3.93	3.06	2.90
23	3.30	2.75	2.92	3.24	4.29	3.93	3.06	2.90
22	3.30	2.75	2.92	3.24	4.29	3.93	3.06	2.90
21	3.30	2.75	2.92	3.24	4.28	3.93	3.06	2.90
20	3.30	2.75	2.92	3.24	4.29	3.94	3.06	2.90
19	3.30	2.75	2.91	3.25	4.29	3.93	3.06	2.91
18	3.30	2.75	2.91	3.25	4.29	3.93	3.06	2.91
16	3.30	2.75	2.90	3.24	4.29	3.93	3.06	2.90
15	3.29	2.75	2.90	3.24	4.28	3.92	3.06	2.90
14	3.29	2.75	2.90	3.25	4.27	3.92	3.06	2.90
13	3.29	2.75	2.90	3.25	4.27	3.91	3.06	2.90
12	3.29	2.75	2.89	3.24	4.27	3.92	3.06	2.89
11	3.29	2.74	2.90	3.24	4.27	3.91	3.06	2.90
9	3.29	2.74	2.89	3.25	4.26	3.91	3.06	2.89
8	3.28	2.74	2.89	3.24	4.26	3.91	3.06	2.89
7	3.28	2.74	2.89	3.24	4.26	3.91	3.06	2.89
6	3.28	2.74	2.89	3.25	4.25	3.90	3.06	2.89
5	3.28	2.73	2.89	3.25	4.25	3.90	3.06	2.89
4	3.29	2.73	2.90	3.25	4.25	3.90	3.06	2.89
2	3.28	2.73	2.89	3.25	4.26	3.90	3.06	2.89
1	3.29	2.74	2.89	3.25	4.27	3.91	3.06	2.89
July 25	3.29	2.75	2.89	3.25	4.27	3.91	3.06	2.90
18	3.30	2.74	2.90	3.26	4.28	3.93	3.06	2.90
11	3.30	2.74	2.90	3.27	4.28	3.93	3.07	2.90
3	3.31	2.75	2.92	3.28	4.29	3.94	3.08	2.91
June 27	3.31	2.75	2.92	3.29	4.29	3.93	3.09	2.92
20	3.33	2.76	2.93	3.30	4.31	3.94	3.09	2.94
13	3.34	2.77	2.95	3.31	4.31	3.94	3.10	2.96
6	3.35	2.79	2.97	3.32	4.33	3.96	3.12	2.99
May 29	3.37	2.82	2.99	3.33	4.34	3.96	3.13	3.02
23	3.37	2.81	2.98	3.34	4.33	3.96	3.13	3.01
16	3.37	2.82	2.99	3.34	4.32	3.95	3.14	3.02
9	3.36	2.81	3.00	3.34	4.30	3.94	3.14	3.01
2	3.37	2.80	3.01	3.35	4.32	3.95	3.14	3.02
Apr. 25	3.38	2.82	3.02	3.36	4.33	3.96	3.15	3.05
18	3.40	2.83	3.03	3.37	4.35	3.97	3.16	3.06
10	3.41	2.83	3.05	3.38	4.36	3.97	3.18	3.07
4	3.39	2.81	3.04	3.38	4.31	3.94	3.17	3.05
Mar. 28	3.40	2.83	3.05	3.39	4.34	3.97	3.18	3.07
21	3.38	2.80	3.01	3.36	4.36	3.97	3.46	3.02
14	3.38	2.78	2.99	3.36	4.38	3.97	3.17	2.99
7	3.39	2.78	2.99	3.37	4.40	3.99	3.17	3.00
Feb. 28	3.40	2.79	3.01	3.38	4.43	4.01	3.18	3.02
21	3.42	2.80	3.02	3.39	4.45	4.03	3.19	3.02
14	3.40	2.77	3.00	3.38	4.44	4.01	3.19	3.00
7	3.38	2.76	2.99	3.37	4.40	3.97	3.18	2.99
Jan. 31	3.37	2.75	2.97	3.37	4.37	3.95	3.18	2.97
24	3.36	2.77	2.96	3.36	4.36	3.93	3.17	2.98
17	3.36	2.74	2.96	3.36	4.38	3.96	3.16	2.96
10	3.36	2.74	2.94	3.36	4.39	3.96	3.16	2.95
3	3.37	2.73	2.93	3.37	4.43	4.01	3.16	2.93
High 1941	3.42	2.84	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.28	2.72	2.89	3.23	4.25	3.90	3.06	2.88
High 1940	3.81	3.06	3.19	3.78	5.24	4.68	3.42	3.36
Low 1940	3.35	2.70	2.90	3.35	4.42	4.00	3.12	2.91
1 Year Ago—								
Aug. 31, 1940	3.53	2.84	3.03	3.54	4.72	4.28	3.21	3.10
2 Years Ago—								
Sept. 2, 1939	3.88	3.10	3.35	3.95	5.10	4.62	3.58	3.44

* These prices are computed from average yields on the basis of one "typical" bond (3 3/4% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of July 13, 1940, page 160.

Investment Trust

(Continued from Page 7)

Investment Company Briefs

Selling trust shares has been a profitable business for those investment dealers who have "gotten the hang of it" for several years. In a newly-styled, pocket-size, loseleaf sales handbook being prepared for publication by National Securities and Research Corporation, a brief resume points out the advantages of investment trusts to both investment dealers and investors.

The approach of the manual is straightforward:

"Let us say at the start that trust shares are no different than stocks or bonds—there are good, bad and indifferent. All are subject to the risks inherent to investment, and all securities are bought either for 'profit' or 'income', or both. He who wants his dollars 'safe', and no more than that, keeps them in the bank."

Properly constructed investment trusts have advantages for both the investor and the investment dealer not found in the more orthodox securities. One outstanding advantage is that investment trusts afford results comparable to the performance of standard market averages—a record that the "average investor" seldom equals over a long term.

The advantages to investment dealers are outlined as follows:

1) **Trust shares are very salable**—"Like any other security, they have a market, it is to the 'average' investor who does not have sufficient capital to command ample diversification with professional selection and supervision. This is a large market to which trust shares can render a real service. Remember that no issue is so attractive that everyone buys it, or so unattractive that no one buys it. There are investors to whom trust shares have no appeal, who want individual issues. Likewise there are others who prefer the group of program investment, **if it is properly presented to them.** The proof — it is simple! In every town, small or large, there is one or many investment salesmen who fully understand, and believe in, the trust share theory of diversification. These men are usually among the more successful, they always have good securities for sale, and have no limitation of time or issue to complete a transaction."

2) **They are profitable to sell**—"The largest part of the 'load' does to the retail dealer. **The percentage of profit is considerably greater than on any security of equal grade to those in the trust portfolio.**"

3) **The chances that the trust shares will prove satisfactory are better than in the case of an individual issue.**—"Diversification removes the risk of unusual loss. Careful selection and supervision improves the chances of bettering the average. The salesman has greater assurance of customer satisfaction and less responsibility. Proper timing of purchase of various risk groups is important."

4) **Liquidation at net asset value** is provided for in the legal structure of the open-end investment companies. The investor cannot become "frozen" in trust shares because of dull markets.

Pays Past-Due Interest

Holders of State of Pernambuco (United States of Brazil) 7% external sinking fund loan due March 1, 1947 have been notified that interest due March 1, 1939 is being paid beginning Sept. 2 at the rate of $4.66375 per $35 coupon, upon presentation to White, Weld & Co., special agents, 40 Wall Street, New York. The announcement added: unpaid interest coupons on this issue, namely those maturing from Sept. 1, 1931 to March 1, 1934, inclusive, and Sept. 1, 1937, must remain attached to the bonds for future adjustment in accordance with the Decree of the Federal Government of Brazil dated Feb. 5, 1934 and modified March 8, 1940.

Is Competitive Bidding Working?

(Continued from First Page)

We're about to witness some more big ones. And we've had confirmation of the SEC's intention to make U-50 as broad a rule as possible.

So it is fitting that a recapitulation and a forecast be made.

The Guinea Pigs

Last week, the first clear-cut test of competitive bidding for new utility offerings appeared in the instance of Wisconsin Power & Light's $30,000,000 financing. The issue aroused widespread interest. It was sold to an underwriting group without hitch.

The company received—to put it mildly, considering the subsequent events—"a good, full price." The deal went over beautifully for the utility, not so well for the underwriters. At the moment, the bonds are moving into the portfolios of investors "slowly," to quote a member of the syndicate.

But that's exactly what we're interested in—an example of what happens when utility securities are sold via competitive bidding instead of through the corporations' traditional bankers.

The other two cases we may consider as guinea pigs were New York State Electric & Gas Co.'s issue of bonds and notes and Philadelphia Co.'s flotation. Neither of those was clear-cut because in both instances, two types of securities were involved. And the SEC's ban on "package bids" confused the situation to an unnecessary extent.

But anyway, here are the guinea pigs and here are the movements that are emerging from the issues sold to date.

Syndicates

One of the most obvious developments is the sudden lengthening of the preliminary period during which syndicates are lined up for selling a new issue.

To be sure they're not left out of a good business deal, to make certain that they're not beaten to the gun by other, more alert firms, investment bankers are lining up their syndicates months in advance of an actual offering.

In some cases, this already is at the ridiculous point. Groups are being formed today for issues that can't be sold until December or even until 1942. Bankers are talking about offerings that may never materialize.

The idea is that if a syndicate manager doesn't line up his group in a hurry, some other competitor will step in and absorb the best distributors. The fear is that if a manager doesn't get to the possible issuer in time, some other competitor may have the situation well in hand before the first one starts moving.

This is an uneconomic and clumsy way of handling new financings, most investment bankers agree.

But they don't know how to work the business in any other fashion under the rule.

Profits

A less obvious—but must more important—trend is that toward smaller and smaller profits for the underwriters of a new issue.

Consider the Wisconsin Power financing, for instance. That's a typical case.

Wisconsin Power got as high a price for its bonds as the market possibly could stand. The winning group couldn't, under those circumstances, take as large a commission as it no doubt desired.

It resold the Wisconsin bonds on a 1.28 point spread—the smallest seen on a comparable issue in many, many months. Ordinarily, the spread would be 1½ to 1¾ or 2 points.

Competitive bidding forces underwriters to bid high for bonds, compels them to re-offer the securities on as close a margin as can be worked out.

The underwriter, the middleman—is caught in between two price walls.

And judging from the experiences of bankers so far, the profit spread to investment bankers is going to become narrower and narrower.

Smaller Groups

Other developments from competitive bidding stem right from that one major point—the decline in investment banker profits.

Because investment bankers are getting smaller fees, they have to keep their original and selling groups as small as possible. (Otherwise, they'd get next to nothing out of a deal.)

Only a few years ago, the SEC was screaming for larger and larger banking groups, for nation-wide distributions of issues, for "profits to everyone instead of to a few big houses."

But the competitive bidding rule has reversed and will reverse further this trend toward larger groups.

Already, the new movement is apparent. First Boston Corp.'s bidding syndicate for the Wisconsin Power issue included only 14 houses—against an ordinary number of 25 to 50 or more. Halsey, Stuart's group included 19 firms—against an ordinary number twice or three times as large.

The groups are going to be small, compact, powerful—consisting of firms that not only have capital and good will among financial interests but also have wide distributing facilities.

The medium-sized house that has none of these virtues on a great scale is going to be pushed closer and closer to the wall.

Mistakes

Finally, there is this point—which is not a development so far but a real, strong fear among reputable bankers. And that point is that with the break-up of the professional relationship between a banker and a corporation, important "errors" are liable to creep into a new issue.

Until now, traditional bankers have been helping the borrowing firms with the financings despite the rule. Corporations have received aid from sources that certainly will grow tired of business on an idealistic basis as the months go by.

Can corporations set up their own deals without great risk of error? Will the lack of investigation by competing bankers—who can't afford exhaustive examinations of properties unless they're sure of ultimate return—cause a "serious incident" in the future?

Several bankers admit they expect trouble in this direction. And they're afraid to guess what will happen after one bad mistake shows up.

The Future

These are the trends that are beginning to appear out of the muddled competitive bidding picture. These are movements that will become obvious to all as the fall months pass and millions of dollars of new utility obligations are sold via the bidding method.

If the market remains firm and quiet, though, no great difficulty probably will arrive for some time.

When trouble may start is when the market begins declining and when selling high-grade securities becomes a job of real proportions.

Then is when the honest test of bidding will be made.

And when trouble may start is when corporations begin selling stock as well as bond issues.

During the last few years, 85 per cent of registered issues offered to the public have been top-grade bonds. Less than 6 per cent have represented common stocks. Less than 10 per cent have been in the form of preferreds.

It's comparatively easy to judge prices on a high-grade bond in a strong market.

But how easy will it be to submit to a corporation competing prices on a stock issue? How easy will it be to judge the "fairness" of bids for the securities of a small, unknown concern?

And how well will U-50 work in a sagging market?

The SEC's competitive bidding rule is now four months old. Before it's a year old, it probably will have been tested in much more difficult markets.

And before it has celebrated many anniversaries, it may be vitally altered for the protection of the investor—as well as for the protection of other interests concerned.

Sec. 11-Yr. Survey Of Utility Subsidiaries

The Securities and Exchange Commission made public on Aug. 28 an eleven-year survey of financial statistics for 218 operating electric and gas subsidiaries of registered public utility holding companies. The compilation includes all companies with assets of $5,000,000 or more, and is a continuation of the report published last year covering a ten-year period for 188 operating companies. In its announcement, the Commission explained:

The study presents a detailed financial picture for each of the 218 operating companies during the eleven-year period ended Dec. 31, 1940, presenting in each instance an analysis of operating revenues, depreciation, maintenance, fixed charges, dividends, capitalization, surplus, assets, fixed capital and preferred dividend arrearages. It shows depreciation charges to income, depreciation allowed for income tax purposes, depreciation reserves, preferred dividend requirements, and common and preferred dividends paid.

The study includes percentage computations and charts, the latter of which indicate for each company the income available for dividends on two bases: first, giving effect to depreciation charges as shown on the books and second, giving effect to depreciation charges as shown in income tax returns.

The report was prepared by C. A. Turner of the Public Utilities Division.

A copy of the study may be obtained upon request to the Publication Unit, Securities and Exchange Commission, Washington, D. C.

Last year's report, referred to above, was discussed in these columns of Aug. 17, 1940, page 929.

Calendar of New Security Flotations

OFFERINGS

SAN DIEGO GAS & ELECTRIC CO.
San Diego Gas & Electric Co. registered with SEC's San Francisco Regional Office, 60,375 shares 5% Cumulative Preferred Stock, $20 par.
Address—Electric Bldg., 861 Sixth Ave., San Diego, Cal.
Business — An operating public utility company, supplying electric and gas service in and near San Diego, Cal.
Underwriter—is Blyth & Co., Inc., San Francisco, Cal.
Price—$24.25 per share plus dividend.
Purpose—Net proceeds will be used to reimburse company's treasury, in part, for capital expenditures heretofore made, which, since Dec. 1, 1940, have exceeded $2,000,000. Company states that it intends to reduce the amount of its indebtedness to banks, which, on July 31, 1941, amounted to $1,450,000, by an amount equivalent to approximately the entire net proceeds of this financing.
Registration Statement No. 2-4823 Form A-2. (8-26-41) (San Francisco)
Offered—September 3, 1941.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, SEPT. 4

TACOMA CO-OPERATIVE PLYWOOD
Tacoma Co-operative Plywood has filed a registration statement covering 124 shares of $1,000 par common stock
By-laws prohibit anyone from owning more than one share
Registration Statement No. 2-4816 Form A-1. (8-16-41)

TUESDAY, SEPT. 9

JEWEL TEA COMPANY, INC.
Jewel Tea Co., Inc., registered with SEC 50,000 shares Cumulative Preferred Stock, $100 par, dividend rate to be supplied by amendment
Address — Principal executive office — Jewel Park, Barrington, Ill. Statutory office: Woodbury, N. Y.
Business—Engaged primarily in retailing food products and of certain articles of personal and household use, through route business in direct-to-the-home sales, and also through food stores in the Chicago area
Underwriting—Terms of underwriting, if any, will be supplied by amendment
Offering—Terms of offering will be supplied by amendment
Proceeds—Net proceeds will be used to finance the cost of certain additional production and warehousing facilities and sales outlets, and for working capital
Registration Statement No. 2-4817. Form A-2. (8-21-41)

WEDNESDAY, SEPT. 10

SEARS, ROEBUCK & CO. (Pension Fund, Etc.)
Savings & Profit Sharing Pension Fund of Sears, Roebuck & Co. Employes and Sears, Roebuck & Co. registered with the SEC 17,500 Memberships in the Savings & Profit Sharing Pension Fund of Company and its employes, and 160,000 shares outstanding no par capital stock of Company
Address—Chicago, Ill.
Business—The Fund is an operating fund for employes of company. Company is engaged in the mail order and retail merchandising business
Underwriting—None
Offering—A maximum of 17,500 employes of company are entitled to obtain membership in the Fund by paying for the above memberships by contributing 5% of their salary or service allowance for 12 months period following the effective date of the registration statement, but $250 is the maximum any one member may contribute for the year. Aggregate contributions for such period by all members of the fund is estimated not to exceed $3,750,000. The maximum of 160,000 shares of outstanding no par capital stock of the company registered with the SEC, is to be purchased at not more than the market by the Fund for its members during 12 months period following the effective date of the registration statement
Registration Statement No. 2-4819 Form A-2. (8-22-41)

UNITED WHOLESALE DRUGGISTS OF PITTSBURGH, INC.
United Wholesale Druggists of Pittsburgh, Inc., registered with the SEC 4,000 shares no par common stock
Address—6543 Penn Ave., Pittsburgh, Pa.
Business—Incorporated in Delaware on April 28, 1941, to engage in business of selling drug store merchandise
Underwriting—None
Offering—The 4,000 shares of common stock will be sold by the company direct to (exclusively) retail druggists, at $50 per share
Proceeds—Will be used for purchase of equipment, and for working capital
Registration Statement No. 2-4818 Form A-2. (8-22-41)

SATURDAY, SEPT. 13

COMMONWEALTH TELEPHONE CORPORATION
Commonwealth Telephone Corp. registered with SEC 16,071 shares $5 cumulative preferred stock, $100 par, and subscription receipts therefor to be issued pending authorization and delivery of the stock
Address—122 W. Washington Ave., Madison, Wis.
Business—Operating subsidiary of General Telephone Corp., furnishing telephone service in 113 communities and surrounding territories in Wisconsin
Underwriting — Underwriters are: Bonbright & Co., New York, Paine, Webber & Co., New York Mitchum, Tully & Co., Los Angeles Wisconsin Co., Milwaukee
Offering—13,071 shares subject to Exchange Offer, under which the company (to Wisconsin holders) and the underwriters (to holders elsewhere) offer to holders of outstanding $6 preferred stock right to subscribe, on share for share basis, to the $5 preferred stock, at price to be supplied by amendment. Unsubscribed portion of such 13,071 shares, plus the remaining 3,000 shares of $5 preferred stock registered, will be offered to the public, at a price to be supplied by amendment
Proceeds—Will be used to redeem on Oct. 21, 1941, the 13,071 shares of outstanding $6 preferred stock, at $110 per share, or purchase thereof, balance to reimburse company's treasury for expenditures made in past for additions and betterments to its property
Registration Statement No. 2-4820 Form A-2. (8-25-41)

MORGANTON FURNITURE COMPANY
Morganton Furniture Co. registered with SEC 1,875 shares 6% cumulative preferred stock, $100 par, and 25,000 shares common stock, $2.50 par
Address—Morganton, N. C.
Business—Engaged in the manufacture of furniture
Underwriters—R. S. Dickson, Co., Inc., Charlotte, N. C., 1,075 shares preferred, 15,000 shares common; Stein Bros. & Boyce Baltimore, 550 preferred, 7,500 shares common; Interstate Securities Corp., Charlotte, 250 preferred, 2,500 common
Offering—The preferred and common stock registered are to be offered to the public for the account of three selling stockholders who are to receive the proceeds from sale thereof. The preferred will be offered to the public a $102 per share, and the common stock at $17.75 per share
Registration Statement No. 2-4822 Form A-2. (8-25-41)

NORTHERN NATURAL GAS COMPANY
Northern Natural Gas Co. registered with SEC 355,250 shares common stock, $20 par
Address — Aquila Court Bldg., Omaha, Neb.
Business—Owns, operates and maintains a natural gas pipeline system of 2,783 miles in length, from Texas and Kansas fields to points in Nebraska, Iowa, Minnesota and South Dakota
Underwriting — Blyth & Co., Inc., is named principal underwriter; others to be named by amendment
Offering—The 355,250 shares are already issued and outstanding and are owned and held by United Light & Railways Co., which will receive all of the proceeds
Registration Statement No. 2-4871. Form A-2. (8-25-41)

MONDAY, SEPT. 15

TEXAMERICA OIL CORP.
Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.
Address — Milam Bldg., San Antonio, Tex.
Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.
Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2, from company.
Offering—118,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.
Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital
Registration Statement No. 2-4824 Form A-1. (8-27-41)

TUESDAY, SEPT. 16

COMPOSITE BOND FUND, INC.
Composite Bond Fund, Inc., registered with SEC 32,500 shares $1 par common stock.
Address—601 Riverside Ave., Spokane, Wash.
Business — Open-end investment trust, limited to investments in bonds.
Underwriting—Murphey, Favre & Co., Spokane, Wash., is underwriter and distributor, purchasing said shares at the net asset value then in effect for distribution to public at such net asset value plus 8½%.
Offering—To be offered to the public at the then prevailing market price.
Proceeds—Will be used for investment purposes.
Registration Statement No. 2-4825 Form A-1. (8-28-41)

WEDNESDAY, SEPT. 17

HOUSTON LIGHTING & POWER CO.
Houston Lighting & Power Co. registered with SEC an indeterminate number of shares of its common stock, no par. (Company has outstanding 500,000 shares of common stock, of which 499,987 shares are held by its parent National Power & Light Co., which latter company also holds options to purchase the remaining 13 shares of outstanding common stock of company).
Address—900 Fannin St., Houston, Tex.
Business—Company is an operating public utility company principally engaged in generating, transmitting, distributing and selling electricity at retail and wholesale, serving 150 communities and an extensive rural area in Texas, including cities of Houston and Galveston.
Underwriter—None.
Offering — No public offering contemplated initially. Company is advised by National Power & Light, that that company has filed with SEC a declaration under the Holding Company Act contemplating, initially, the exchange of common stock of company which National Power & Light owns, for the $6 preferred stock of National Power & Light Co. and also contemplating that if, upon termination of such proposed exchange plan, National Power & Light still holds as much as 5% of common stock of company, it will dispose of such holdings as promptly as shall be practicable in light of then market and other conditions and with the best interests of its security holders in mind. After such disposition, company will have ceased to be either a subsidiary or an affiliate of National Power & Light Co. or Electric Bond & Share Co.
Registration Statement No. 2-4827 Form A-2. (8-29-41)

MISSOURI UTILITIES CO.
Missouri Utilities Co. registered with SEC $3,150,000 First Mortgage Series A 3½% bonds, due June 1, 1971; 14,000 shares 5% cumulative preferred stock, $100 par; and 125,000 shares common stock, $1 par.
Address—Cape Girardeau, Mo.
Business—Engaged principally in generation, transmission, distribution and sale of electricity, in 56 communities in Missouri and two in Arkansas. Company is a subsidiary of Community Power & Light Co.
Underwriter—The bonds are not to be sold to public; they are to be sold by company to Dillon, Read & Co. for 104¼, and in turn to be sold to Equitable Life Assurance Society of the U. S. for 104¾. Names of underwriters of the 5% preferred stock and the common stock registered, will be supplied by amendment.
Offering—The 14,000 shares 5% preferred and 125,000 shares common stock are to be issued under a reclassification of outstanding capital stock of company. Of the 5% preferred stock registered, 11,912 shares will be offered to public for account of company, and 2,088 shares will be offered to public for account of Community Power & Light Co. The 125,000 shares common stock will be sold to public for account of Community Power & Light Co.
Proceeds—To company from sale of the $3,150,000 of bonds and 11,912 shares of 5% preferred stock, will be used as follows: $2,811,200 to purchase for cancellation from Community Power & Light Co. that amount of company's outstanding Series A and D First Mortgage bonds; $1,111,385 to pay or purchase indebtedness owing by company to its parent and an affiliate, on open account and promissory notes; $420,000 to redeem company's outstanding 4,000 shares 7% preferred stock, $100 par, at 105 Balance of proceeds will be set aside for expenditure by company for property additions and improvements.
Registration Statement No. 2-4826 Form A-2. (8-29-41)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AERONCA AIRCRAFT CORPORATION
Aeronca Aircraft Corp. registered SEC 30,000 shares of $1 cumulative convertible preferred stock, $15 par; 140,000 shares $1 par common stock; and 65,000 Stock Purchase Warrants
Address—Middletown Municipal Airport, Middletown, Ohio
Business—Design, development, manufacture sale and servicing of particular type of light airplanes, known as "Aeronca" planes, designed for commercial use
Underwriters — Bond & Goodwin, Inc., New York; Craigmyle, Rogers & Co., New York; and Whitney-Phoenix Co., Inc., New York, are underwriters for the preferred stock
Offering — The 30,000 shares preferred stock will be offered to public at $15 per share; underwriting commission is $2.25 per share. Of the common stock registered, 75,000 shares are reserved for issuance upon conversion of the preferred stock, and 65,000 shares are reserved for issuance upon exercise of the Warrants. Of the Warrants registered, 45,000 are to be exchanged by company with holders of a like amount of presently outstanding warrants, and the remaining 20,000 Warrants will be sold by company to underwriters at price of 10 cents per Warrant. Such Warrants give holders right to purchase one share of common stock for each Warrant, at prices ranging from $7 per share to $10 per share, with the warrants expiring Dec. 31, 1945
Proceeds—Net proceeds will be used to pay off outstanding indebtedness, for working capital purchase of equipment end machinery plant expansion
Registration Statement No. 2-4789. Form A-2. (6-27-41) Cleveland Ohio
Effective—11:30 A.M., E.S.T. August 15 as of 4:45 P.M., E.S.T., July 16, 1941

AIRPLANE MANUFACTURING & SUPPLY CORP.
Airplane Manufacturing & Supply Corp., registered with SEC 69,000 shares common stock, $1 par
Address—Lockheed Air Terminal, Burbank, Cal.
Business—Purchase, service and sale of airplane equipment
Underwriters—G. Brashears & Co., Los Angeles, Cal.
Offering—The number of shares to be offered by the underwriter consists of the 69,800 shares currently registered with SEC, and 16,433 shares previously registered with the SEC. Such aggregate of 86,233 shares are already issued and outstanding and are to be offered to public for account of certain selling shareholders, to be offered to public at arbitrary prices to be determined by underwriter from time to time with regard to existing circumstances. Such offering price will not exceed 125% not be less than 110% of the highest bid price during the day of sale. Underwriting commission on the 86,233 shares to 25 cents per share
Proceeds will accrue to the selling stockholders
Registration Statement No. 2-4807. Form A-1. Filed (7-31-41) (San Francisco)

AMERICAN BAKERIES CO.
American Bakeries Co. registered 15,000 shares Class B no par common stock
Address—No. 520 Ten Pryor St. Bldg., Atlanta, Ga.
Business—Manufacturing and distributing bakery products in souther states
Underwriter—None named
Offering—Stock will be offered to public at price to be filed by amendment
Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold
Registration Statement No. 2-4714. Form A-2. (3-28-41)

AUTOMATIC TELEPHONE DIALER, INC.
Automatic Telephone Dialer, Inc. registered 75,000 shares of common stock, no par
Address—1201 East Grand Street, Elizabeth, N. J.
Business — Development of automatic telephone dialing devices
Underwriter—None. Stock will be sold through registered brokers and dealers
Offering—Public offering price, $3 per share, underwriting commission 75 cents per share
Proceeds—For engineering and development expenses and working capital
Registration Statement No. 2-4752. Form A-1. (5-5-41)
Effective but apparently deficient 4:45 P.M., E.S.T., May 24, 1941

BEACON ASSOCIATES, INC.
Beacon Associates, Inc. registered SEC $500,000 6% Participating Sinking Fund Debentures, due July 1, 1971
Beacon Associates, Inc. interest rate on $500,000 Participating Sinking Fund Series A Debentures, due July 1, 1971, changed from 6% to 6½% per annum, according to amendment filed with SEC July 21, 1941
Address—216 Turks Head Bldg., Providence, R. I.
Business—Engaged in the small loan business in Rhode Island and Massachusetts
Offering—The Debentures will be offered to the public at 100 by F. L. Putnam & Co., Inc., Boston; underwriting commission is 15%, leaving net price to company of 85
Underwriter—F. L. Putnam & Co., Inc., Boston
Proceeds—Will be advanced to subsidiary for their working capital or will be used for payment of debt incurred on providing funds for advances to subsidiaries
Registration Statement No. 2-4790. Form A-2. (6-27-41)
Effective—3:00 P.M. E.S.T., August 22, as of July 17, 1941

BEAR MINING AND MILLING COMPANY
Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par
Address — 513 Majestic Bldg., Denver, Colo.
Business—Mining and milling
Underwriter—None
Offering—Stock will be offered publicly at $1 per share, selling commission, 35%
Proceeds — For development equipment and operation mining property near Breckenridge, Colo.
Registration Statement No. 2-4571. Form A-1. (11-12-40)

BONWIT TELLER, INC.
Bonwit Teller, Inc. registered 39,334 shares of 5½% cumulative convertible preferred stock, $50 par, and 131,202 shares of common stock, $1 par
Address—721 Fifth Avenue, New York City
Business—Operation of specialty store in New York City
Underwriters—To be filed by amendment
Offering Terms — Preferred and common will be publicly offered at prices to be filed by amendment, except that 106,202 common shares will be reserved for conversion of preferred
Proceeds—Stock will be sold by Atlas Corp. and the American Co., parents, and no proceeds will be received by the company
Registration Statement No. 2-4748. Form A-2. (4-30-41)

BULLION, INC.
Bullion, Inc., registered 110,000 shares of $1 par 8% non-cumulative preferred stock and 110,000 shares of common stock, ten cent par
Address—1st Nat'l Bank Bldg., Deadwood, South Dakota
Business—Gold mining
Underwriter—None
Offering—Preferred will be offered at $1 per share, and common at 10 cents per share
Proceeds—For development of mining properties, purchase of machinery and equipment, and working capital
Registration Statement No. 2-4763. Form A-O-1 (5-20-41)

COLUMBIA GAS & ELECTRIC CORP.
Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961
Address—61 Broadway, N. Y. C.
Business—Public utility holding company
Offering—Both issues will be publicly offered at prices to filed by amendment
Proceeds—To redeem $50,000,000 Deb 5s, 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947
Registration Statement No. 2-4736. Form A-2. (4-10-41)

KENSINGTON MINES, INC.
Kensington Mines, Inc. has filed a registration statement covering 565,000 shares of $1 par 6 per cent cumulative preferred stock and the same number of shares of 1 cent par common 35,000 shares of $1 par 6 per cent cumulative preferred shares previously sold to promoters at $1 and 1,320,000 shares of 1 cent common previously sold to promoters at 2.65 cents a share
Address—Seattle, Washington
Business—Mining and Milling
Proceeds — For property, construction, development and working capital
Underwriters—Kressly and Campbell
Registration Statement No. 2-4697. Form A-1. (3-21-41)
Effective—4:45 P.M., E.S.T., April 9, 1941

KIRKLAND GOLD RAND, LTD
Kirkland Gold Rand, Ltd., registered with SEC, under refiling, 500,000 shares common stock $1 par
Address—360 St. James St., West, Montreal, Quebec, Canada
Business—Engaged in development, acquiring, holding, selling and operating gold, silver and other mineral mines. Company is still in the development stage
Underwriters—To be named by amendment
Offering—Above shares to be offered to public at $1.25 per share; underwriting commission is 43¾ cents per share
Proceeds—For development, purchase of equipment and working capital
Registration Statement No. 2-4727. Form A-1. Refiled (6-16-41)

LA CROSSE TELEPHONE CORP.
La Crosse Telephone Corp. registered 32,080 shares of common stock, $10 par
Address—La Crosse, Wisconsin
Business—Telephone service to La Crosse, Wis.
Underwriter—Alex. Brown & Sons
Offering—All stock registered will be publicly offered at price to be filed by amendment, except that 2,406 shares will be sold to Central Electric & Telephone Co.
Proceeds—Stock registered is owned by parent company, Middle Western Telephone Co., which will donate a portion to La Crosse Telephone Corp. and latter will use proceeds to retire outstanding preferred stock
Registration Statement No. 2-4717. Form A-2. (3-29-41)

LUKENS STEEL CO.
Lukens Steel Co. registered with SEC 175,000 shares (estimated) common stock, $10 par
Address—First Ave., Coatesville, Pa.
Business—Company is a non-integrated steel producer, and its principal business is manufacture of carbon and alloy hot rolled steel plates
Underwriters — Pistell, Wright & Co., Ltd., New York, named principal underwriter; others to be named by amendment
Offering—The 175,000 shares are already issued and outstanding and are to be offered to public for account of certain stockholders
Proceeds — Will accrue to the selling stockholders
Registration Statement No. 2-4799. Form A-2. (7-25-41)

MOORE-McCORMACK LINES, INC.
Moore-McCormack Lines, Inc. registered 30,000 shares of $5 cumulative convertible preferred stock, $100 par, and 235,000 shares of common, $1 par
Address—5 Broadway, New York City
Business—Operation of vessels in South American trade

Calendar of New Security Flotations

Underwriters—E. H. Rollins & Sons Incorporated and Schroder Rockefeller & Co., Inc.

Offering—The preferred and 85,000 common shares will be offered publicly at prices to be filed by amendment. 150,000 common shares will be reserved for conversion of the preferred

The proposed offering will represent about 17% of the outstanding common stock of Moore-McCormack Lines and approximately 55% of preferred stock. Albert V. Moore, president, and Emmet J. McCormack, vice president and treasurer—officers and directors associated with the company since its incorporation in 1927, retain together about 72% of the common stock, or 36% each. On Dec. 31, 1940, they sold to Kuhn, Loeb & Co., Beavan Corp. and Schroder Rockefeller & Co., Inc., 30,000 shares of $5 no par preferred stock and 2,150 shares of no par common which have since been converted into 30,030 shares of $100 par preferred and 107,500 shares of $1 par common. It is understood that Kuhn, Loeb & Co. are retaining 22,500 of such common shares as an investment

Proceeds—None of the proceeds will be received by the company

Registration Statement No. 2-4715. Form A-2 (3-29-41)

NORTHERN NATURAL GAS CO.

Northern Natural Gas Co. registered 710,500 shares of common stock, $20 par

Address — Aquila Court Bldg., Omaha, Nebraska

Business—Production and transmission of natural gas

Underwriter—Blyth & Co., and others to be named by amendment

Offering—Stock will be publicly offered at price to be filed by amendment

Proceeds—All proceeds will be received by selling stockholders, United Light & Railways Co., and North American Light and Power Co.

Registration Statement No. 2-4741. Form A-2. (4-21-41)

Northern Natural Gas Co. filed an amendment to its registration statement with the SEC, disclosing that the number of shares of its $20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that are presently owned, and outstanding, by North American Light & Power Co., and are to be offered to public for the account of American Light & Power Co.

The 355,250 additional shares orginally registered with the SEC on April 21, 1941, for public offering, but now withdrawn from registration, constitute the shares outstanding and owned by United Light & Railways Co., a subsidiary of United Light & Power Co.

SENECA FALLS MACHINE CO.

Seneca Falls Machine Co. registered with SEC 225,000 shares common stock, $1 par

Address—314 Fall St., Senca Falls, N. Y.

Business—Manufacture and sale of machine tools, principally automatic and semi-automatic lathes

Underwriters—Brown, Schlessman, Owen & Co., Denver, Colo., has underwritten all of the 225,000 shares, at $4 per share, and has advised company that it proposes to sell to Burr & Co., New York, a 50% participation in said 225,000 shares, at the underwriters' price of $4 per share

Offering—The 225,000 shares will be offered to the public at $5 per share

Proceeds—The entire net proceeds will accrue to certain selling stockholders, who are selling such shares, already issued and outstanding, to the underwriter

Registration Statement No. 2-4806. Form A-2. Filed (7-31-41)

SHAWNEE CHILES SYNDICATE

Shawnee Chiles Syndicate registered 9,970 shares of common stock, $10 par

Address — 320 Denham Bldg., Denver, Colo.

Business—Development of oil and gas properties

Underwriter—None

Offering—4,985 shares are to be presently offered at $10 per share, and balance will be held reserved for options given to purchasers of the 4,985 shares, for purchase of additional shares at $10 per share

Proceeds—For drilling and development of oil and gas properties

Registration Statement No. 2-4753. Form A-1. (5-5-41)

Effective but apparently deficient 4:45 P.M., E.S.T., May 24, 1941

SNAP-ON TOOL CORPORATION

Snap-On Tools Corp. registered with SEC 41,439 shares $1 par common stock

Address—8028 28th Ave., Kenosha, Wis.

Business — Manufacture, purchase and sale of mechanics' hand tools and associated equipment and equipment type tools designed for use for production, maintenance and repair of mechanical apparatus

Underwriter—Paul H. Davis & Co., Chicago

Offering—To be offered to public, at price to be supplied by amendment. Price to underwriter is $11.50 per share, subject to adjustment under certain conditions

Proceeds—$112,000 of the proceeds to be used to redeem all the outstanding 7% preferred stock of company, at $105 per share; balance for working capital

Registration Statement No. 2-4796. Form A-2. (7-15-41)

SOUTHERN ACCEPTANCES, INC.

Southern Acceptances, Inc. registered 150 shares $50 dividend Preferred stock, no par, 20 shares Class A $60 dividend common stock, no par; and 30 shares Class B common stock, no par

Address—26 Wall St., Orlando, Fla.

Business—Discounting installment notes and making small loans

Underwriter—Leedy, Wheeler & Co., Orlando, Fla.

Offering—Preferred and Class A will be publicly offered at $1,000 per share, Class B common at $1,100 per share. Underwriting commission $50 on preferred and Class A, and $55 on Class B

Proceeds—To repay bank loans, and for working capital

Registration Statement No. 2-4570. Form A-2. (11-12-40)

Effective—Dec. 4, 1940

SPROUSE-REITZ COMPANY, INC.

Sprouse-Reitz Co., Inc. registered 500 shares of voting common stock, $100 par, and 3,500 shares of non-voting common stock, $100 par

Address—1900 N. W. 22nd Ave., Portland, Ore.

Business—Operation of 161 general merchandise stores

Underwriter—None

Offering—Shares will be offered first to stockholders, then to public, at $100 per share

Proceeds—For additional working capital and to provide funds for opening new stores

Registration Statement No. 2-4724. Form A-2 (3-31-41)

Effective—1:15 P.M., E.S.T., April 19, 1941

TOMASINI BRIDGE REVENUE BONDS

T. A. Tomasini, an individual, registered with SEC $20,000,000 of 3% Tomasini Bridge Revenue Bonds, due Aug. 1, 1970

Address—25 California St., San Francisco, Cal.

Business—Holds a franchise to build, maintain and operate a tube and toll bridge across San Francisco Bay from Alameda County, near Point Fleming, to Marin County near Bluff Point, both in California. The Obligor—T. A. Tomasini—also has secured necessary approval of plans, permits and authority to construct the bridge from War Department of the United States, and proposes to proceed with construction of the project. Project expected to be completed by June 27, 1944

Underwriting and Offering—The Obligor proposes to advertise for bids for all or part of the bonds by inserting a notice to that effect in one or more newspapers of general circulation in the city and county of San Francisco, and in New York City. There will be no underwriting

Proceeds will be used to construct, operate and maintain the tube and toll bridge

Registration Statement No. 2-4815. Form A-1. (8-15-41)

TRAILER COMPANY OF AMERICA

Trailer Co. of America registered with SEC 4,547 shares 7% cumulative preferred stock, $100 par, and 81,095 shares common stock, no par

Address—31st & Robertson Aves., Cincinnati, O.

Business—Manufacture, assembly, distribution and sale of commercial trailers and semi-trailers, trailer bodies parts and equipment, truck bodies and cabs for tractors and trucks

Underwriters—None

Offering—The above shares to be offered by company to all its stockholders at price of $100 per share of 7% preferred and $8 per share for common, through rights, at rate of 2½% shares of 7% preferred and 5 shares of common stock for each share of 7% preferred stock held, and at rate of one share of common stock for each share of common stock held. Subscription rights evidenced by Warrants will expire on the thirtieth day after date of issue. Unsubscribed portion of the shares will be offered for sale, at same prices, to all stockholders. Any unsold shares then may be sold at same prices to general public

Proceeds—For plant extension, retirement certain bank loans, and for working capital

Registration Statement No. 2-4803. Form A-2. (7-29-41) (Cleveland)

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

VIRGINIA LAND CO.

Virginia Land Co. registered warranty deeds representing interests in oil and gas lands in the Everglades, Florida, about 50 miles west of Miami

Address—Theatre Building, Coral Gables, Dade County, Florida

Underwriters—None

Offering—Interests will be sold to the public at prices from $20 per acre up to $150 per acre

Proceeds — For development of lands, purchase of equipment, and working capital

Registration Statement No. 2-4767. Form S-10 (5-23-41)

WHITWORTH APARTMENT, INC.

Whitworth Apartment, Inc., registered with SEC 5,950 shares common stock, 25 cents par $74,375 First Mortgage 5% bonds, due Sept. 1, 1951; and $74,375 Second Mortgage Income Bonds. 6% Non-Cumulative Interest, due Sept. 1, 1961

Address—311 Securities Bldg., Seattle, Wash.

Business—Incorporated on July 3, 1941 to acquire title to Whitworth Apartment, Seattle, Wash., and to own and operate said apartment

Underwriters—None

Offering—All of the securities registered will be offered under a Plan of Reorganization, to holders of 148,750 undivided fractional shares, latter represented by Certificates of Interest. Latter may be surrendered under the plan through Seattle-First National Bank, Seattle, Wash. Owner of each 25/148,750 fractional share will receive: (a) $12.50 par value of first mortgage bonds, $12.50 par value of second mortgage income bonds, and one share of capital stock of the new company

Registration Statement No. 2-4811. Form E-1. (8-8-41) (San Francisco, Cal.)

WILLIAMS HYDRAULICS, INC.

Williams Hydraulics, Inc. registered 1,000,000 shares $5 par Class A common stock

Address—Alameda, Cal.

Business—Deep-sea dredging and manufacture of equipment therefor

Underwriters — Brown Hartwell Company

Offering—Public offering price, $5 per share, underwriting commission, $1 per share

Proceeds—Purchase of plant and equipment; purchase of seagoing vessel; equipment, and working capital

Registration Statement No. 2-4133. Form A-1. (7-19-39)

Effective—May 29 as of April 18, 1940

Our Reporters Report

(Continued from First Page)

be very much delayed. The Secretary may, of course, himself defer his operations pending some clarification of the credit and banking situation, but such deferment would without question be itself taken as cue of a sort.

There are a number of important new issues more or less in the offing, but when they will materialize is another question For the most part the new offerings markets is still largely a refunding or funding affair, which always is in large degree based upon money market conditions. And it is precisely here that one of the major uncertainties of the day exists.

Plans for large offerings of refunding issues are likely to be held in abeyance until it is possible to determine with some degree of assurance just how large and important a following Mr. Eccles commands both among New Deal managers close to the President and in Congress. This, of course, is not the first time that the Chairman of Board of Governors of the Federal Reserve System has "stuck his neck out," as it were, concerning these very matters, and in the past he has by no means always been successful in having his way.

There can, plainly, be no question that the Administration, or to say the very least a substantial section of it, has become a victim of inflation fears in a degree probably not experienced since its first inauguration.

Such a state of mind in Washington gives Mr. Eccles a substantial strategic advantage, but it is to be recalled that on at least one other occasion—after the 1935-6 recovery that had been "planned that way" got into full swing—the Administration suffered chills on this same score. Mr. Eccles had his way then in considerable part, but it was not long before he was in the dog house, so to speak, with the real New Dealers. Whether he and his ideas have now emerged unscarred remains to be seen.

The fact is inescapable, in any event, that sooner or later the Treasury will be obliged to come into the market seeking perfectly huge amounts money. This will be true regardless of the success of baby bonds or savings bond campaigns and without reference to the yield of any tax laws now on the books or in prospect. These latter undertakings may in moderately substantial degree determine the volume of future treasury borrowing, but, after all, the difference between two infinitely large sums is not of first rate importance.

Various efforts of a school boy sort are under way to promote absorption of government obligations by the rank and file of investors, but it would certainly be surprising to many seasoned observers if sooner or later, probably sooner rather later, the Treasury is not obliged to appeal in one way or another to the banks. Indeed bank holdings of Government obligations have already during the past year greatly increased.

All this is doubtless known, certainly ought to be undestood, in Washington, and so long as such circumstances remain, the Treasury can scarcely look without concern—regardless of current rumors to the contrary—upon any plan or scheme which would tend in a drastic way to tighten the money market with any degree of permanence. Hence considerable skepticism concerning major changes in reserve requirements at this time, but strange things happen along the Potomac these days, and the Street is inclined to wait developments in this instance, or at the very least to wait some fairly conclusive evidence of the trend of thought and intention in the national capital.

Still some important SEC filing are expected in the not too distant future. There are the announced plans of Westinghouse Electric, for one. Here, of course, is one of the relatively few situations which has developed of late where a very substantial amount of new money is to be sought. Said Chairman Robertson and President Bucher to stockholders on August 29:

"With the company facing the prospect of still further expansion, it is the judgment of the management that additional capital of approximately $60,000,000 should be provided to enable the company to repay its existing bank loans, to provide for further plant construction and to supply its enlarged working capital requirements."

The plan is to raise a part of the needed new funds by sale of common which will first be offered existing stockholders and the remainder by medium term debentures. Immediate action can not, however, be expected since the plan as it is now being formulated must first be approved by the stockholders a special meeting of whom has been called for October 29. Incidentally it was revealed at the same time that defense expansion planned will cost some $75,000,000 in addition to $52,000,000 worth of plants being constructed for and at the expense of the Government. More than 50 per cent of the orders now on the books of the company are for equipment required in the national defense effort. Outstanding bank loans aggregate $21,000,000.

The disclosure that American Telephone & Telegraph Company has severed its long-standing banker relationship with Morgan Stanley & Co., Inc., which has handled all public telephone financing since 1935, presaged keen competition in bidding for the forthcoming $95,000,000,000 issue of A. T. & T. long-term debentures, with three major syndicates forming to participate in the first "open house" financing by the company in thirty-five years.

Morgan Stanley & Co. is forming a banking group of twenty-five members to bid on the proposed issue, and is intending to keep the number of syndicate members down, although past syndicates have run into large numbers; some of the houses already lined up in the Morgan Stanley syndicate are: Kuhn, Loeb & Co., Dillon, Read & Co., Blyth & Co., Inc., First Boston Corp., Harriman Ripley & Co., Inc., Kidder, Peabody & Co. and Smith, Barney & Co.

Considerable interest has been aroused by the fact that Halsey, Stuart & Co., Inc., which has always strongly favored competitive bidding, has organized a rival syndicate, particularly since in the past the firm has not evidenced a willingness to participate as underwriters in syndicates headed or managed by Morgan Stanley. Mellon Securities Corp. will join Halsey, Stuart & Co. in bidding on the new issue as a joint account.

A third syndicate is being formed by Saloman Brothers & Hutzler.

The new A. T. & T. debentures are being issued to refund an outstanding 5½ percent issue of $94,306,000 due on November 1, 1943, which will be redeemed on November 1st of this year.

Forming Central Sec. Co.

Robert H. Wynn is forming the Central Securities Co. which will shortly engage in a general securities business. At present the firm may be reached at 32 West 58th Street, New York City. Mr. Wynn was formerly with H. Hentz & Co., Jackson & Curtis, S. B. Chapin & Co. and Jno. F. Clark & Co.

Interesting For Retail

Cumulative and Participating Class A. common (voting) stock of Phillips Pump and Tank Co. offer an interesting situation for retail according to a circular just issued by M. F. Klein Co., 170 Broadway, New York City. Copies of the circular which should be of interest to dealers may be had upon request.

Ad Session To Hear Connely and Pierce

Emmett F. Connely, president of the Investment Bankers Association, will address the opening session of the Financial Advertisers Association in Cleveland on Monday morning, September 8, at the Hotel Statler, according to an announcement today, by J. J. Harris, of Merrill Lynch, Pierce, Fenner & Beane, program chairman of the Investment Division. Mr. Connely will speak on "Public Relations of the Investment Bankers Association of America." Following the opening session, Mr. Connely will be a forum guest on Monday afternoon at which the subject of Security Salesmanship will be discussed.

E. F. Connely

E. A. Pierce, a senior partner of Merrill Lynch, Pierce, Fenner & Beane, will be the principal forum guest on Wednesday, September 10th. The subject of Wednesday's forum will be "The Financial Advertisers Obligation and Opportunity." The discussion will take in problems in the listed securities field.

Edward A. Pierce

On Thursday, September 11, an open forum will be held for the purpose of discussing "Defense Bonds and their relationship to the security business."

It is anticipated that many investment dealers and brokers from the mid-west will attend the series of meetings to hear these financial headliners. Approximately forty delegates to the Convention from New York have already made reservations on the private cars which will leave Grand Central Station on Saturday night, September 6th.

New Orleans Sends Greetings to Traders' Ladies Welcoming to Convention—"Vive la Difference"!

We greet you with the sweeping bow of a cavalier, its plumed clouds and sunlight waving a smile of animated appreciation. The flowers that bloom and the very atmosphere you breathe clothe you in regal splendor, for every lady in New Orleans is a queen.

You will look up at the wrought-iron balconies in the French Quarter, half expecting a billet doux to be dropped into your hands, remembering Cyrano and Ligniere. You will hear the clatter of horse's hoofs upon the cobble-stoned streets and you will smile softly to yourself, believing your very own gallant is dashing to the Duelling Oaks to wield his flashing blade for your capricious favor.

Your charm will compliment dining and you will be toasted in rare old wines, only to be whirled away, with disregard to time or place, to old courtyards and buildings where once on a time absinthe was dripped and sipped.

We await your visit with excited expectancy. You will be the lady in the enchanted tales, the inspiration and object of chivalry and adventure. But your cavalier will not be just one, but many, as our whole city welcomes you to its heart.

Lady fair, fail not our rendezvous! — *New Orleans Security Traders Association.*

Securities Commissioners Ass'n To Hold Convention Oct. 7-9; Invite Dealers

The Twenty-fourth Annual Convention of the National Association of Securities Commissioners will be held at the Hotel Buena Vista, Biloxi, Mississippi, on October 7-8-9 Included in the three day program are addresses by Edmond Burke, Jr., former Director of the Reorganization Division of the Securities and Exchange Commission, and now a member of the Commission; Honorable Thurman Arnold, Assistant Attorney General of the United States; George P. Rea, President New York Curb Exchange; A. G. Davis, Field Secretary Investment Bankers Association; Robert W. Baird, Chairman National Association of Securities Dealers; and Hon. John W. Bricker, Governor of Ohio. Scheduled also is an informal discussion of proposed amendments to the Securities Act of 1933 and the Securities and Exchange Act of 1934, as well as reports by committees of the Association with respect to uniform registration forms and matters of cooperation by state regulatory bodies with the Investment Bankers Association, National Association of Securities Dealers and the Securities and Exchange Commission. These discussions should be of particular interest to the members of the Security Traders Association, and the Association of Securities Commissioners is looking forward to entertaining many members of that Association at their convention.

Included in the program will also be a number of social affairs and other activities which will be enjoyed by the securities dealers who attend.

On behalf of the Association Russell Maloney, Securities Commissioner of the State of Missouri, and President of the National Association of Securities Commissioners, extends a cordial invitation to all those attending the New Orleans Convention to also attend a part or all of the sessions of the Convention of the National Association of Securities Commissioners.

CIO Walkout Closes Pressed Steel Plant

The Pressed Steel Car Co. plant at McKees Rocks, Pennsylvania, was closed by a strike on August 29. The strike was called by the Steel Workers Organizing Committee, affiliate of the Congress of Industrial Organizations. An unaffiliated union at the plant, the Independent Car & Foundry Workers' Union, which was granted recognition after winning a National Labor Relations Board election at the plant a year and a half ago, called upon its members to return to work Sept. 2 but the SWOC declared it would stand back of its striking members.

United Press advices from Pittsburgh Aug. 29 said concerning the strike:

The walkout affects 2,500 men working on production of armor plate for the Navy, shell forgings for the Army, and railroad cars.

Abe Martin, SWOC sub-regional director, said that the strike was not called by the union but that the workers had "walked out themselves because they are fed up with the company's discrimination against them."

Production had been resumed at the plant only two weeks ago today following settlement of a walkout by the SWOC, which "adopted" a strike by the Independent Car and Foundry Workers' Union for higher wages. The Independent union members had walked out on Aug. 4.

The SWOC demanded collective bargaining rights, contending it represented a majority of the current payroll and that certification of the Independent union sixteen months ago by the National Labor Relations Board was made when the company was operating at half capacity and had most CIO men laid off.

FDR Urges More Lease-Lend Defense Funds

At his press conference on Sept. 2, President Roosevelt indicated that a request was likely to go to Congress shortly for additional funds for the lease-lend program and for domestic defense requirements. The lease-lend request which it is intimated may be submitted to Congress next week is expected to approximate $5,000,000,000. With regard to the other request no estimate is available but, it is said, it will be a substantial sum. The President explained that most of the defense funds already appropriated have been allocated, although all have not actually been paid out.

Mr. Roosevelt also told his press conference on Sept. 2 that present plans for making the defense program more effective call for spending more money and turning out more products. He went on to say that small-existing factories would be utilized to a greater degree in the future and that additional work shifts would be introduced with a substantial increase of workers on second and third shifts.

Refunding Debentures

An offering of $25,420,000 5/8% consolidated debentures of the Federal Intermediate Credit Banks was recently made by Charles R. Dunn, New York, fiscal agent for the banks, and an additional $1,275,000 of the debentures were sold privately within the system. The total sale, therefore, aggregated $26,695,000, including $8,505,000 debentures maturing Mar. 2, 1942 and $18,190,000, June 1, 1942. All were dated Sept. 2, 1941 and the offering price was slightly above par. Inasmuch as maturities on Sept. 2 amounted to $28,350,000 all of the proceeds from the sale of the debentures plus $1,655,000 cash were used to pay off maturing issues. At the close of business Sept. 2, the Banks had a total of $245,860,000 debentures outstanding.

In 2 Sections—Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

WITH WHICH HAS BEEN COMBINED THE FINANCIAL REPORTER

Volume 154 Number 3976 New York, N. Y., Thursday, September 4, 1941 Price 40 Cents a Copy

FDIC Banks Report New Record Loans, Discounts And Deposits

Loans and discounts reported by 13,423 insured commercial banks as of June 30, 1941, amounted to $19,913,000,000, the highest figure ever reported to the Federal Deposit Insurance Corporation, FDIC Chairman Leo T. Crowley announced on Sept. 2. Deposits reported as of June 30, 1941, also were higher than on any other call date during the existence of the FDIC. Loans and discounts rose $2,893,000,000, or 17%, since June 29, 1940. This increase, chiefly in connection with commercial and industrial or "business" loans may be attributed in considerable part to increased business activity under the impetus of the defense program, it was explained.

The comparative statement of assets and liabilities of all insured commercial banks issued by the Corporation also revealed the following significant items:

1. The total deposits were the highest since the inauguration of deposit insurance and amounted to $65,617,000,000, an increase of $7,191,000,000, or 12% from a year ago. Increases in loans and securities of the banks, inter-bank redepositing and a continued influx of funds from abroad have added to the existing large volume of deposits. The expansion of deposits over the year period was chiefly in deposits of individuals, partnerships, and corporations, payable on demand which increased $5,432,000,000, or almost 19%. Deposits of domestic banks, including certified and officers' checks and cash letters of credit, increased by $1,039,000,000, or about 11%;
2. Cash and funds due from banks showed an increase since June 29, 1940 of $1,134,000,000, or almost 5% and amounted

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Our Reporter On "Governments"

Rarely in the recent years of the great Government bond market has trading been so dull, has interest in the price trends of Treasury obligations appeared at so low an ebb. . . . Glancing just at the day-to-date quotation sheets or talking desultorily with some professional trader, you would get the impression that nothing is happening — and nothing of importance is going to happen until the news from abroad takes a drastic turn one way or the other. . . .

But if you did get that impression, you would be 100% wrong. . . .

These are crucial days in the high-grade bond markets, in the Government mart, especially. . . . We're in a waiting period today, true—but we're waiting for news that may be of vital significance to every institutional and individual holder of U. S. securities. . . .

A major reversal in monetary policies by the Treasury and the Federal Reserve Board is in the offing. . . .

A fundamental change in Government financing tactics is in the making. . . .

And in the general over-all picture—in loans, business, banking programs—events of prime importance are shaping up. . . .

It's too early to make any definite predictions with any confidence of accuracy. . . . For the chances are that the pattern won't come out clearly until mid-September. . . .

But here at least are the reports—for your information and serious consideration between now and the date that the first news item breaks. . . .

The Reserve Situation

To begin with, there's an authoritative story around today that Secretary of the Treasury Morgenthau and Federal Reserve Board Chairman Eccles have resolved their four-year-old fight over monetary policies (and over the source of financial power in Washington). . . .

If that's true—and informed quarters believe it is—there'll be little or no opposition to Eccles' strong desire to raise bank reserve requirements at least to the present legal limit. . . .

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Farm Income Outlook Best in Many Years

Farmers will be favored this fall and winter by a continuing high level of consumer buying power, the Department of Agriculture said on Sept. 1 in its release covering the features of the current and prospective agricultural situation. Department of Agriculture econmists look for no sharp advances in prices received by farmers during this period, but they say that total farm income will be the largest in more than a decade. Cash farm income during the last half of 1941 will be about $1,000,000,000 more than in the like period of 1940. The spread between prices received and prices paid by farmers has been narrowed this year, but the average of purchasing power of farm products continues below parity. The Department's announcement further says:

Average of prices of farm products is only slightly higher now than at the beginning of summer, but the total volume of marketings is increasing as fall harvesting of crops and marketings of livestock get under way. By the end of this month, nearly 12,000,000 people will be working on the farms—filling silos, picking cotton, cutting tobacco, picking fruit, digging late potatoes, harvesting rice, picking and husking corn, preparing the seedbed in the Plains country for new crops of winter grains.

Department economists report that the supply of most foods will be larger this fall and winter than last, and that prices have not gone up as much as consumer incomes have increased. A dollar buys slightly less food this year than last, but people have more dollars. Total food consumption in the United States this year is the largest on record. About 45 cents of each dollar spent by consumers for food goes to the farmer; the remainder of the consumer's dollar pays for processing and distribution.

IN THIS SECTION

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THE FINANCIAL SITUATION

It has often happened in the past that vacationists returned to the Street after the Labor Day holidays refreshed and ready to settle down to the real work of the autumn and winter only to find that the uncertainties which had perplexed them before they left for the country still awaiting them. It is more or less a certainty that this history will repeat itself this year. The financial community can not, of course, and will not merely sit with folded hands awaiting developments. It can and doubtless will proceed as it has done in other similar periods of perplexity to study the situation carefully, calmly and then to do what business circumstances permit taking what precautions it can to avoid finding itself presently the victim of unforeseen turns of events. That is the American way of doing things.

It is plain, however, that some weeks will elapse before it will be possible to see far ahead very clearly. Aside from the uncertainties inherent in the world situation as it exists today, and, incidentally, in the state of domestic political affairs, two major uncertainties immediately confront those who make their living in the securities business, the banks, and the investor, both individual and institutional. One of

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FROM WASHINGTON AHEAD OF THE NEWS

A relative calm is likely to prevail over Washington for the next several weeks. For one thing most of the members of Congress have gone off on vacations on a gentlemen's agreement that no major business will be transacted. But more responsible was the creation of Mr. Roosevelt's latest alphabetical agency, the SPAB. Not a single additional gun or a single additional plane will come off the production line but there won't be much, if any, more agitation out of Washington about "needs" having been been grossly and unpatriotically underestimated.

The reason for this is that the agitation has accomplished its purpose: The complete subordination of the Dollar-a-Year men to the New Dealers. For sometime it has been apparent to the closer observers and from now it should be patent to everybody, that the overall defense spending agency in Washington is H-H-R. Henderson to Hopkins to Roosevelt. Inasmuch as Hopkins is still in bad health and occasionally goes away to places like London and Moscow, Henderson is the unchallenged Barney Baruch of the Second World War.

His rise in the New Deal, slow at first, then by leaps and bounds, from an ordinary job with the Russell Sage Foundation, is one of the country's outstanding success stories. Henderson insists he is no Leftist. He once described himself as one of the most laissez faire members of the New Deal. He now describes himself as a "middle-of-the-roader." These idealogical distinctions mean nothing in Washington these days. It means little whether a man is a Leftist or a Rightist. He is a Bureaucrat and with a view to advancing himself, quite understandable, he

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GENERAL CONTENTS

The State Of Trade

Business activity continues to hold at extremely high levels. However, it is expected that seasonally adjusted business indices this month probably will show the first decline since April. It is pointed out that the decline will be statistical rather than real, because industrial activity which is already at record breaking levels in many quarters, is unlikely to make the usual seasonal gains.

The adjusted Federal Reserve Board index of industrial production is estimated to have reached 164 per cent of the 1935-1939 average during August, a two point rise from the preliminary index reported by the Board for July. This rise was due in large measure to the relatively heavy volume of automobile production last month. It is estimated that output exceeded 200,000 units, production being maintained at a high level because changes in models were limited.

Observers state that no material letup in retail trade is expected during the autumn. On the contrary since many elements are working toward higher prices, and since there is no likelihood of an all-around wage decline, the chances favor greater trade activity. There may be unemployment because of a shift from consumer goods to war orders, and there still are strikes in progress, but wage outlays probably will tend to increase.

This week the steel industry is expected to operate at 96.3 per cent of capacity, says the American Iron and Steel Institute, against 96.5 per cent last week, which is an indication of what the promise of overtime payment will do in eliminating the usual holiday closings.

The National City Bank of New York in its current monthly letter states that the boom in retail sales is an outstanding feature of trade reports. In recent weeks it has amounted to a rush by consumers to lay in supplies of many kinds—not only durable goods, but apparel as well.

One of the government agencies is said to have predicted that 5,000 to 6,000 factories may be affected by materials shortages, and Mr. Henderson has stated his belief that the number of workers involved, and in part facing temporary unemployment, might exceed 2,000,000.

It is pointed out that this curtailment will not come uniformly or overnight, or that it will necessarily develop more rapidly than the labor, or most of it, can be absorbed in defense work. It is further stated that in many cases manufacturers still have good stocks of materials on hand, accumulated during the last year, and these stocks will cushion the

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World Prices Steady

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in *world* production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country, usually a government department." The commodities involved include "a comprehensive list of several groups, including grains, livestock and livestock products, miscellaneous foods (coffee, cocoa, tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.)." Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock products, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Sept. 1 as follows:

(August, 1939=100)

	Argentina	Australia	Canada	England	Java	Mexico	New Zeal'd	Sweden	Switzerland	United States
1940—										
May	120	118	120	143	116	113	112	131	132	112
June	118	118	120	144	116	113	114	131	136	109
July	118	118	120	145	115	112	114	132	140	109
August	118	119	120	150	115	111	12?	132	144	109
September	116	120	121	145	116	110	122	135	153	111
October	113	123	122	145	117	110	120	139	158	114
November	113	125	124	146	118	111	118	142	164	118
December	113	126	126	149	120	111	119	144	168	118
1941—										
January	114	127	126	150	r120	111	119	144	r172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	r152	129	117	120	156	189	129
June	133	121	137	155	131	119	121	155	193	132
July	136	120	142	158	137	123	123	156	194	137
1941—										
Weeks end.:										
July 5	r133	121	139	r155	134	123	121	154	*194	r135
July 12	133	121	141	r156	134	126	121	156	194	137
July 19	133	121	141	r156	136	126	122	155	194	r136
July 26	133	120	143	r157	r137	r126	124	155	194	137
Aug. 2	136	120	142	*157	138	r123	123	156	194	137
Aug. 9	136	120	142	*158	137	123	123	156	*194	137
Aug. 16	137	120	142	*157	138	127	123	156	---	137
Aug. 23	138	*120	143	*157	139	128	123	156	---	139

* Preliminary. r Revised

LEGAL ODDITIES

Company

BACK FROM THE DEAD

To the Dismay of an Insurance Company

It is a familiar bit of "fireside law" that a person not heard from for over seven years by those parties who ordinarily would hear from him if he were alive, is presumed to be dead, when these facts are proved, his estate may be administered by the Courts and closed as if he were known to be dead, and if he has life insurance payable to his widow it may be collected in the usual way.

It is, of course, quite possible that the absent one is presumed to be dead, there may even be a court order declaring him dead, the widow may remarry, and then the "dead" man return alive and well. This situation has already been exploited by the late Lord Tennyson in the familiar poem "Enoch Arden."

Now, suppose that the absconder insures his life in favor of his mother, disappears, nobody hears from him for 8 years, the Court adjudges him dead, the mother collects the insurance money, the prodigal "blows into town" some fine morning, alive, well, and calling for food and drink, and the town gossip reports the matter to the insurance company.

Can the company compel the mother to return the insurance money?

"That's pure imagination — couldn't happen in real life," the reader may contend, but this exact point was passed upon by the Iowa Supreme Court in a case where the facts were "on all fours" with the "imaginary" case set forth in the preceding paragraphs.

"Well, the decision was in favor of the insurance company, for the Court wouldn't let the mother hold the insurance on a live man," the reader may conclude, but, as a matter of fact, the decision was against the company and the mother retained the coin.

"Where parties have entered into a contract or arrangement based upon uncertain or contingent events purposely as a compromise of a doubtful claim arising from them and there is no evidence of bad faith, violation of confidence, misrepresentation, concealment, or other inequitable conduct, if the facts upon which such agreement or transaction was founded turn out very differently from what was expected or anticipated, this error, miscalculation, or disappointment, although relating to a matter of fact and not of law, is not such a mistake within the meaning of the equitable doctrine as entitles the disappointed party to any relief. In such classes of agreements and transactions the parties are supposed to calculate the chances, and they certainly asume the risks," said the Court.

Statistics For Crude Petroleum And Refined Petroleum Products During Month of June 1941

Crude-oil production continued to rise in June 1941, stated the Bureau of Mines, U. S. Department of the Interior in its current monthly petroleum report. The daily average in June was 3,834,200 barrels, which was about 60,000 barrels above the average in May but not up to the record months of March and April 1940. The Bureau further stated:

All the important producing States increased their production in June, with Kansas making the largest relative gain and Texas the smallest. The upward trend in Illinois was resumed. Even Michigan, which had been slumping rapidly, made a gain in June.

Although crude runs to stills moved up to a new peak of 3,865,000 barrels in June, the gain in production and imports was considerably larger, with the result that about 3,500,000 barrels of crude was withdrawn from storage, compared with about 4,500,000 barrels in May. Stocks of refinable crude on June 30 (259,075,000 barrels) were nearly 3,000,000 barrels below the level of a year ago.

Refined Products

The principal changes in refinery yields in June were an increase of 0.3% in gasoline, a decrease of 0.3% in distillate fuel oil, and a gain of 0.6% in residual fuel oil. The changes for gasoline and distillate were expected but the gain in the residual yield was abnormal.

The domestic demand for motor fuel in June was 58,413,000 barrels, or only 5% above a year ago. This comparatively poor showing for June 1941 resulted from a number of factors, chief of which were pre-tax buying in June 1940 and speculative buying over the first 4 or 5 months of 1941. Voluntary civilian curtailment may also have been a factor. Exports of motor fuel, exclusive of the "shuttle" movement, amounted to 1,262,000 barrels, or only about half the total of a year ago. Stocks of finished and unfinished gasoline declined about 3,100,000 barrels in June. This was less than half of withdrawals in June 1940, but stocks on June 30 (89,842,000 barrels) were about 4,000,000 barrels below last year's level. Motor-fuel stocks on the East Coast were about the same as a year ago, but it should be noted that developments in July and August have considerably reduced the number of days' supply in that area.

Relatively large gains in the domestic demand for other products over June 1940 were recorded, kerosene being about the only notable exception. The demand for aviation gasoline is running

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Sugar Marketing Quotas Again Lifted

The Department of Agriculture announced on Aug. 29 that total 1941 sugar marketing quotas of the various areas supplying the United States market had been increased from the 8,006,836 short tons, raw value, announced July 30, 1941, to 9,002,976 tons.

The quotas for the various sugar producing areas under the revised figure compare with the former quotas as follows:

Area	Quotas Effective July 30, 1941	Present Quotas
	(Short tons, raw value)	
Continental Beet	1,925,499	2,230,037
Mainland Cane	445,000†	445,000§
Hawaii	993,522*	993,522‡
Puerto Rico	991,365	1,148,160
Virgin Islands	11,076	12,829
Commonwealth of Philippine Islands	982,663**	982,663¶
Cuba	2,374,852	2,750,451
Foreign Countries Other than Cuba	282,859	440,304
Total	8,006,836	9,002,976

† Quota of 503,408 tons less 58,408 tons reallotted to other domestic areas and Cuba.
* Quota of 1,123,878 tons less 130,356 tons reallotted to other domestic areas and Cuba.
** Quota of 1,233,875 tons less 251,212 tons, representing duty-paying portion of quota, reallotted to foreign countries other than Cuba.
§ Quota of 566,038 tons less 121,038 tons reallotted to other domestic areas and Cuba.
‡ Quota of 1,263,700 tons less 270,178 tons reallotted to other domestic areas and Cuba.
¶ Quota of 1,387,383 tons less 404,720 tons, representing duty-paying portion of quota, reallotted to foreign countries other than Cuba.

It was expected the Department says, that the total quotas of 8,006,836 tons, announced July 30, would result in an available supply to consumers this year of at least 7,769,621 tons of sugar, or about 1,000,000 tons in excess of 1940 sugar consumption. While it is not known at the present time whether the continental beet area, Puerto Rico, and foreign countries other than Cuba will deliver this year any additional sugar as a result of their increased quotas, the present revision will enable Cuba to market in this country 375,609 tons more.

The previous quota revision was mentioned in these columns Aug. 9, page 754.

Bank Debits Up 44% From Last Year

Bank debits as reported by banks in leading centers for the week ended August 27, 1941 aggregated $9,405,000,000. Total debits during the 13 weeks ended August 27, 1941 amounted to $132,594,000,000, or 31 per cent above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 30 per cent compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 31 per cent.

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District	Week ended Aug. 27, 1941	Week ended Aug. 28, 1940	13 weeks ended Aug. 27, 1941	13 weeks ended Aug. 28, 1940
Boston	519	358	7,260	5,654
New York	3,622	2,485	53,324	41,402
Philadelphia	494	330	7,672	5,445
Cleveland	738	499	9,672	7,247
Richmond	380	257	5,209	3,957
Atlanta	315	217	4,269	3,123
Chicago	1,453	1,055	20,099	15,026
St. Louis	290	206	4,263	3,126
Minneapolis	199	155	2,489	2,039
Kansas City	312	231	4,264	3,391
Dallas	240	166	3,322	2,511
San Francisco	843	548	10,750	8,454
Total, 274 reporting centers	9,405	6,508	132,594	101,375
New York City *	3,304	2,258	48,497	37,397
140 Other leading centers *	5,286	3,672	72,791	55,101
133 Other centers	815	578	11,305	8,876

The Speech That Was Not Made

For a good while past interventionists in this country in general and the commentators in the press in particular have been rather dolefully, not to say bitterly, complaining that the American people have not been "sold on the idea" that it is necessary for us to make the ultimate in sacrifice if necessary to crush the German war machine. In somewhat more orthodox terms, the American people have not been convinced of the existence of danger to themselves in sufficient degree to arouse them to give all that is in them to accomplish this end. Foolish people and some others who should know better have been crying for an intensified campaign of propaganda and of stage management with the purpose of arousing the American public as it is said they should be. Partly doubtless because a very large proportion of the people are wage earners in one sense or another, and partly also without question because it has long been evident that the groups which were most luke warm—as measured in deeds rather than words—were those usually called "labor," these discussions have in large degree centered about them.

So it came about that Labor Day this year was apparently chosen as a suitable occasion to launch a campaign of oratory and evangelism to convert "labor" to the cause. Precisely what effect all this will have in enlisting full support of organized labor remains for the future to disclose, but the thoughtful observer can scarcely escape the conclusion that amid all the balderdash poured out upon the heads of a helpless people during the past week-end concerning the present war and labor there was not to be found even a hint of adequate understanding of the subject to which untold numbers of speakers addressed themselves. If the object of the stage managers and the orators was to set forth in convincing and enlightening form the bearing of this war upon the man who works for wages whether in this country or anywhere else, then whole program must be set down as a dismal failure. The real story was not told; the essential speech was not made.

Easy Invectives

It is, of course, easy enough to assert, as countless speechmakers did, that Hitler has crushed the so-called labor movement in Germany, that trade unionism in that country has been abolished and that long hours, probably in normal circumstances inhumanly long hours, of arduous labor have been forced upon men and women en masse. It is likewise not difficult to compare the present fate of the wage earner in Germany with the lot of the American worker and to show that "the clock has been turned back a thousand years"

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Procurements And Priorities

Current wide-spread criticism of the defense program should not deprive the defense authorities of credit for the notable improvements being effected this month in procurement methods.

These changes are designed to enlist a larger share of American industry in the defense program. This is really a double aim. It shoots first at alleviating the growing threat of "priorities unemployment," and second, at further speeding up re-armament by spreading the work farther through American industry.

The threat of "priorities unemployment" or "civilian industry mortality" has become quite serious this summer. It is probably one reason for the setting up last week of the new seven man Supply, Priorities and Allocation Board. Up to this stage in defense, the sharp spurt in civilian buying buying has kept non-defense industry steadily busy, and producers of civilian goods have not been much interested in getting defense business from the government. In fact, many of them have been glad enough to be free of the red tape and complications traditionally associated with government business.

Today, however, many find that though their order books are filled as far ahead as they can see, their stock bins of raw materials are getting low and the scarcity of raw materials are getting low and the scarcity of raw materials, particularly of the metals, is becoming so acute that within a few months they face indefinite shut-downs. Various Washington officials have pointed out that within a few weeks at least ten industries, 5,000 factories, and 2,000,000 men face "priority unemployment."

They are being cut off from their raw materials in two ways. Some of them have simply found that priorities have cut in so far ahead of them that in a short time they will be unable to get the materials they need. Others face horizontal industry cuts in their output at the instigation of OPACS or OPM, like the proposed 50 per cent cut in automobile output, 35 per cent in washing machines, 50 per cent

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Brazil Proposes Plan for Coffee Liquidation

The National Coffee Department (an instrumentality of the Federal Government of Brazil) has proposed a plan for liquidation from time to time of coffee pledged as security for outstanding sterling and dollar bonds of the State of San Paulo 7% Coffee Realization Loan 1930. In explaining the plan an announcement issued Sept. 2 said:

To facilitate liquidation of the coffee, the National Coffee Department today published invitations for tenders of bonds of the said loan for retirement. Under the plan the Department proposes to make the total sum of $600,000 available immediately and a further $300,000 each month to Schroder Trust Co., special agent in New York, and Messrs. J. Henry Schroder & Co., special agent in London. Of this sum, 35.96% will be available in New York City to purchase dollar bonds, and 64.04% will be made available in London to purchase bonds of the sterling tranche.

The offer inviting tenders is subject to cancellation and withdrawal at any time prior to actual payment. From time to time as purchased bonds are cancelled, pledged coffee will be released at the rate of seventy bags of planters coffee per each $500 principal amount of bonds retired, which compares with the 85 bags now pledged to each $500 bond.

It is now planned to invite tenders monthly for a period of 12 months, at the end of which time the situation is to be considered anew. The moneys to be made available represent part of the proceeds of an export tax levied by the Federal Government of Brazil on coffee shipments, under Federal Decree Law No. 2 of Nov. 13, 1937.

It is also planned to utilize part of the milreis balances now blocked with Banco do Brazil, representing proceeds of this tax, as well as future balances, for the purchase, at a maximum price of 75 milreis per bag, up to a total of 3,000,000 bags of coffee of 60 kilos each, which will be pledged automatically as additional security for the Coffee Realization Loan. Any amounts not so used will continue on deposit under the provisions of said Decree Law No. 2.

Gas Utility Revenues Higher for June Half

Domestic customers served by manufactured and natural gas utilities totalled 17,025,300 on June 30, an increase of 528,900 over the number reported on the same date a year ago, it was announced on Aug. 29 by the American Gas Association

Revenues of manufactured and natural gas utilities aggregated $491,763,000 for the first six months of 1941. This was an increase of 3.2% from the corresponding period of 1940.

Revenues from industrial and commercial users increased 11.6 per cent, while revenues from domestic customers declined .5%.

Manufactured gas industry revenues totalled $200,009,100 for the first six months, an increase of 2.1% from a year ago. Revenues from industrial users of manufactured gas increased 21.0% while commercial revenues gained 2.1%. Revenues from domestic uses, such as cooking, water heating, refrigeration, etc., were 0.6% more than for the corresponding period of 1940.

Revenues of the natural gas industry for the first six months amounted to $291,753,000, a gain of 4.0% from a year ago. Revenues from industrial uses increased 17.9% while revenues from domestic uses decreased 1.4%.

Mobilizing For Economy

For the first time since the start of the national defense drive, indeed for the first time since 1933 there is a real possibility of stopping the steadily ascending spiral of Federal expenditures for non-defense purposes. Several developments strengthen the hands of the economy advocates, but by far the most important is the recent action of the Senate Finance Committee in lowering the income tax exemptions so as to bring several million individuals into the tax-paying class. If all these millions are aware of the facts about the gigantic Federal outlays at the very time when the national safety demands that our resources be concentrated upon armaments and at a time when soaring employment and national income have eliminated all justification for large relief disbursements, there is every chance that the ruthless pork barrel devotees in Congress can be effectively squelched.

This requires a mobilization, however, around the plan of Senator Harry F. Byrd of Virginia, just about the only Congressman who sincerely seeks economy, to cut the non-defense outlays sharply, by as much as $2,000,000,000 a year. Perhaps the most effective way of mobilizing taxpayers around the Byrd standard is to acquaint them with a few of the facts about the Federal fiscal situation. Tax and spending figures too often in the past have merely bored voters and taxpayers alike, but the growing realization of what they must pay next March 15, and each March 15 thereafter should now finally make them willing to listen.

Easily the most outstanding fact that needs to be driven home to the millions, yet a fact that all too few know, is the steady uptrend of regular Federal departmental outlays. If all emergency expenditures of all sorts are excluded, including defense, relief, and farm aid, the disbursements of the executive departments, the courts, and Congress itself have soared alarmingly in the past ten years. Yet, despite the crisis during the first two months of the new fiscal year, the regular departmental expenditures rose to $158,000,000 compared to $152,000,000 for the same period in the preceding fiscal year.

Attention, Taxpayers!

Taxpayers should be made to understand that these soaring outlays have absolutely nothing to do with defense or relief. Actually, during the first two months of the year,

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On The Foreign Front

American Aid

From half a dozen directions at once, both officially and unofficially, the problem of United States aid to democratic Britain and to other countries which President Roosevelt endeavors to group under the name of "democracies" gained fresh examination in recent days. Such aid, as Senator Byrd and others have pointed out of late, is far from adequate and not at all in keeping with the sweeping promises and statements made by President Roosevelt and his New Deal associates. The numerous strikes in key defense industries, and the difficulties raised by the confusion in priorities and defense contracts, present almost insuperable obstacles to speed in this vital task. When this was pointed out by Senator Byrd, the President attempted a show of humor and declared that the Senator had been "sold down the river," on the matter of information. Mr. Roosevelt praised the defense production and asserted that in many respects it exceeds plans and expectations. But over the last week-end admissions were made by the White House that far more is necessary than so far has been accomplished or is in prospect. No notice was taken, on the other hand, of the many complaints that the real bottleneck in American production is on the desk of the President, himself.

President Roosevelt discoursed at some length on the question of defense production and related matters in a radio address on Labor Day. Much was made in this address about the rights of free laboring men and women, and the interdependence among Americans of interests, privileges, opportunities and responsibilities. Alluding to "enemies" who, according to the President, wish to divide us and conquer us from within, Mr. Roosevelt stated that these enemies know that "our American effort is not yet enough, and that unless we step up the total of our production and more greatly safeguard it on its journey to the battlefields, these enemies will take heart in pushing their attack in fields old and new." We have already achieved much, said the President in this address, but he added that it is imperative that we achieve infinitely more. "We are engaged on a grim and perilous task," Mr. Roosevelt continued. "Forces of insane violence have been let loose by Hitler upon this earth. We must do our full part in conquering them. For these forces may be unleashed upon this nation as we go about our business of protecting the proper interests of our country. The task of defeating Hitler may be long and arduous. There are a few appeasers and Nazi sympathizers who say it cannot be done. They even ask me to negotiate with Hitler to pray for crumbs from his victorious

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July Building Permit Valuations Rise 9% Above Same Month Last Year

Building permit valuations in July 1941 were 9% greater than during the corresponding month of 1940, Secretary of Labor Frances Perkins reported on Aug. 30. "This increase was brought about by a gain of 23% in indicated expenditures for new residential buildings, and a gain of 4% in the value of additions, alterations, and repairs," she said. "Permit valuations for new non-residential buildings showed a decline of 8% over the year period," Miss Perkins stated, adding:

July permit valuations, however, were 3% lower than during June. Two classes of building construction showed decreases during the month. New residential buildings declined 5% and additions, alterations, and repairs 8%. In contrast, there was a gain of 2% in the indicated expenditures for new non-residential buildings. These comparisons are based on information received from 2,120 identical cities with populations of 1,000 or more which reported to the Bureau of Labor Statistics in July 1940 and June and July 1941. The total population of these cities was approximately 64,200,000, according to the 1940 census.

During the first 7 months of 1941, permits were issued in reporting cities for buildings valued at $1,657,973,348, an increase of 29% as compared with the corresponding period of 1940. Permit valuations for new residential buildings during the first 7 months of the current year amounted to $889,572,839, a gain of 26% as compared with the first 7 months of the preceding year. Over the same period new non-residential buildings showed a gain of 44%, and additions, alterations, and repairs a gain of 8%.

Then noting this the Labor Department's announcement further said:

The Bureau's tabulations of permit valuations include contracts awarded by Federal and State Governments in addition to private and municipal construction. For July 1941, Federal and State construction in the 2,120 reporting cities totaled $36,470,000; for June 1941, $70,928,000; and for July 1940, $63,438,000.

Changes in permit valuations in the 2,120 reporting cities between July 1941 and July 1940 and June 1941 are summarized below:

Class of construction	*Change from July 1940 to July 1941* All cities	Excl. N. Y. City
New residential	+23.0%	+23.1%
New non-residential	— 7.6%	— 3.1%
Additions, alterations and repairs	+ 3.9%	+ 4.1%
All construction	+ 8.7%	+10.8%

	Change from June 1941 to July 1941 All cities	Excl. N. Y. City
New residential	— 5.3%	— 5.4%
New non-residential	+ 1.9%	+ 0.5%
Additions, alterations, and repairs	— 7.6%	— 7.1%
All construction	— 3.4%	— 3.8%

Comparisons in permit valuations in cities reporting for the first 7 months of 1940 and 1941 are shown in the following table:

Class of construction	*Change from first 7 months of 1940 to first 7 months of 1941* All cities	Excl. N. Y. City
New residential	+26.3%	+31.4%
New non-residential	+44.4%	+47.6%
Additions, alterations, and repairs	+ 7.7%	+10.1%
All construction	+28.7%	+32.8%

New housekeeping residential construction for which permits were issued in the 2,120 reporting cities in July 1941 will provide 38,194 dwelling units, or 7% fewer than the 41,205 dwelling units reported in the previous month, and 18% more than the number provided in July 1940. Dwelling units in publicly financed housing projects authorized in the reporting cities numbered 3,005 in July 1941, 9,403 in June 1941, and 5,051 in July 1940.

Principal centers of various types of building construction for which permits were issued or contracts were awarded in July 1941 were: East Hartford, Conn., a factory to cost $1,229,000; Hartford, Conn., a hospital to cost $5,000,000; Camden, N. J., 1-family dwellings to cost $708,000; New York City—Borough of the Bronx, apartment houses to cost $1,037,000; Borough of Brooklyn, apartment houses to cost $608,000; Borough of Manhattan, apartment houses to cost $1,375,000, and institutions to cost $2,668,000; Borough of Queens, 1-family dwellings to cost $2,109,000, apartment houses to cost $1,795,000, and a school to cost $1,000,000; Rochester, N. Y., an institution to cost $849,000; Philadelphia, Pa., 1-family dwellings to cost $2,949,000; Chicago, Ill., 1-family dwellings to cost $2,790,000, and factories to cost $2,226,000; Indianapolis, Ind., 1-family dwellings to cost $717,000; Dearborn, Mich., 1-family dwellings to cost $943,000; Detroit, Mich., 1-family dwellings to cost $6,084,000; Lansing, Mich., a school to cost $1,500,000; Akron, Ohio, 1-family dwellings to cost $759,000; Cleveland, Ohio, 1-family dwellings to cost $1,069,000, and factories to cost $2,107,000; Columbus, Ohio, 1-family dwellings to cost $897,000; Euclid, Ohio, a factory to cost $2,184,000; Minneapolis, Minn., 1-family dwellings to cost $579,000; Washington, D. C., 1-family dwellings to cost $1,435,000, and apartment houses to cost $1,700,000; Sebring, Fla., a flying school to cost $2,015,000; Baltimore, Md., 1-family dwellings to cost $1,439,000; Arlington County, Va., 1-family dwellings to cost $681,000, and apartment houses to cost $1,061,000; Norfolk, Va., a storehouse to cost $2,300,000; Memphis, Tenn., 1-family dwellings to cost $592,000, and stores and warehouses to cost $876,000; New Orleans, La., apartment houses to cost $6,120,000; Houston, Texas, 1-family dwellings to cost $1,129,000; Burbank, Calif., 1-family dwellings to cost $890,000; Long Beach, Calif., 1-family dwellings to cost $586,000; Los Angeles, Calif., 1-family dwellings to cost $4,151,000, and apartment houses to cost $1,331,000; Oakland, Calif., 1-family dwellings to cost $691,000, and a supply depot to cost $3,668,000; San Diego, Calif., 1-family dwellings to cost $875,000; South Gate, Calif., 1-family dwellings to cost $570,000; Portland, Ore., 1-family dwellings to cost $632,000; Bremerton, Wash., a storehouse to cost $1,391,000, and a pier to cost $800,000; and Seattle, Wash., 1-family dwellings to cost $1,713,000.

Contracts were awarded during July for the following publicly financed housing projects containing the indicated number of dwelling units: Etna, Pa., $1,008,000 for 250 units, Mifflin Township, Pa., $2,047,000 for 450 units; North Braddock, Pa., $864,000 for 200 units; Burlington, Iowa, $1,186,000 for 375 units; Wheaton, Minn., $2,200 for 1 unit; Albany, Ga., $297,000 for 100 units; Macon, Ga., $665,000 for 250 units; Wilmington, N. C., $758,000 for 300 units; Alexandria, Va., $10,600 for 4 units; Norfolk, Va., $1,084,000 for 300 units; Dallas, Texas, $750,000 for 234 units; Mineral Wells, Texas, $238,000 for 100 units; Anaconda, Mont., $310,000 for 80 units; San Francisco, Calif., $800,000 for 201 units; and Spokane, Wash., $499,000 for 160 units.

SUMMARY OF BUILDING CONSTRUCTION FOR WHICH PERMITS WERE ISSUED IN 2,120 CITIES, BY GEOGRAPHIC DIVISION, JULY 1941

Geographic division	No. of cities reporting	Permit valuation July 1941	New residential buildings: Percentage change from June 1941	July 1940	No. of new dwelling units July 1941	Percentage change from June 1941	July 1940
All divisions	2,120	$147,189,509	— 5.3	+23.0	38,194	— 7.3	+18.0
New England	143	8,062,013	—49.7	—17.9	1,769	—56.0	—28.1
Middle Atlantic	539	29,341,137	— 2.9	+54.7	6,847	— 8.9	+55.3
East North Central	472	36,539,560	— .1	+24.3	7,507	— 3.7	+12.8
West North Central	197	8,292,646	+16.5	+23.5	2,337	+20.8	+28.3
South Atlantic	243	19,587,878	+ 6.2	+ .3	6,106	+17.1	+ 5.0
East South Central	76	2,780,947	— 9.3	—48.4	1,113	—12.2	—47.4
West South Central	123	14,651,141	+82.6	+78.4	4,588	+71.6	+72.7
Mountain	104	2,955,089	—14.7	— 4.3	882	—21.2	—17.0
Pacific	223	24,979,098	—23.1	+34.4	7,045	—27.1	+31.1

Geographic division	New non-residential buildings: Permit valuation July 1941	Percentage change from June 1941	July 1940	Total building construction (including alterations and repairs): Permit valuation July 1941	Percentage change from June 1941	July 1940	Population (census of 1940)
All divisions	$87,681,050	+ 1.9	— 7.6	$269,767,381	— 3.4	+ 8.7	64,199,841
New England	12,421,892	+144.5	+12.1	23,786,205	— 2.2	(1)	5,674,100
Middle Atlantic	13,129,871	— 5.6	—30.6	51,537,069	— 4.9	+10.3	19,298,641
E. North Central	20,432,003	+ 22.2	+19.7	65,798,434	+ 7.4	+21.7	15,372,195
W. Nor. Central	2,322,620	— 85.3	—33.3	12,652,004	—52.4	+ 2.1	4,786,275
South Atlantic	15,419,212	+ 42.8	+11.5	38,467,899	+13.0	+ 3.2	5,798,938
E. Sou. Central	2,465,285	— 6.2	+94.8	6,349,036	— 3.3	—15.9	2,096,051
W. Sou. Central	1,829,905	— 65.6	—47.7	18,326,403	+24.5	+30.6	3,716,617
Mountain	1,449,329	+ 1.4	—25.5	5,264,976	— 6.6	—10.9	1,439,881
Pacific	18,210,928	+ 26.4	—23.4	47,585,355	— 8.3	+ 2.5	6,017,143

(1) Increase less than 1-10 of 1%

Large Industrial Corporations Reserve More Liberally For Taxes Than Smaller Ones

Large industrial corporations set aside higher percentages of their earnings for Federal income tax reserves in the first half of 1941 than small corporations, according to a study of 275 company statements by the Division of Industrial Economics of The Conference Board. Seven companies which reported net income after taxes of $10,000,000 or more charged off 55.9% of their net income before taxes to Federal tax reserves, whereas 95 companies which reported net income of less than $500,000 charged off 41%. Under date of Sept. 4 the Board further said:

Although the seven large companies earned 83% more before Federal taxes in the first half of 1941 than in the first half of 1940, their combined net income after taxes and contingency tax reserves was only 14% higher. The 95 small companies, on the other hand earned 93% more before Federal taxes than in the first half of 1940 and after taxes their net income was 51% higher than in the first half of the last year.

All 275 companies charged off 51.6% of their earnings this year to tax reserves, as compared with 26.7% in the first half of 1940. Earnings before taxes increased 82%, but net income after Federal tax reserves was only 20% higher. The following table gives a complete analysis of these precentages:

EARNINGS OF INDUSTRIAL COMPANIES

	Number of Companies	Percentage Changes, First Half 1940 to 1941: After Taxes	Before Taxes	Federal Income Tax Reserves as Percentages of Income Before Reserves: 1st Half 1941	... alf 1940
Income Classification: *					
Less than $500,000	95	+ 51	+ 93	41.0	24.6
$500,000 - $1,000,000	71	+ 31	+ 90	47.7	24.1
$1,000,000 - $2,500,000	57	+ 34	+ 86	47.1	26.2
$2,500,000 - $5,000,000	29	+ 17	+ 67	47.9	25.5
$5,000,000 - $10,000,000	16	+ 21	+ 86	49.5	22.1
$10,000,000 or more	7	+ 14	+ 83	55.9	29.3
Total	275	+ 20	+ 82	51.6	26.7

* By net income for first half of 1941.

Member Bank Condition Statement

In the following will be found the comments of the Board of Governors of the Federal Reserve System respecting the returns of the entire body of reporting member banks of the Federal Reserve System for the week ended with the close of business Aug. 27:

The condition statement of weekly reporting member banks in 101 leading cities shows the following principal changes for the week ended August 27: An increase of $58,000,000 in "Other securities" and a decrease of $63,000,000 in reserve balances with Federal Reserve Banks.

Holdings of United States Government direct and guaranteed obligations increased $29,000,000 in the Chicago district, $12,000,000 in the San Francisco district, and $15,000,000 at all reporting member banks, and declined $25,000,000 in New York City. Holdings of "Other securities" increased $58,000,000 in New York City and at all reporting member banks.

A summary of the principal assets and liabilities of reporting member banks, together with changes for the week and the year ended Aug. 27, 1941, follows:

	Aug. 27, 1941 $	Increase (+) or Decrease (—) Aug. 20, 1941 $	Aug. 28, 1940 $
Assets—			
Loans and Investments—total	29,107,000,000	+82,000,000	+4,950,000,000
Loans—total	10,697,000,000	+ 9,000,000	+2,188,000,000
Commercial, industrial and agricultural loans	6,183,000,000	+ 3,000,000	+1,720,000,000
Open market paper	400,000,000	— 4,000,000	+ 101,000,000
Loans to brokers and dealers in securities	448,000,000	+ 4,000,000	+ 85,000,000
Other loans for purchasing or carrying securities	437,000,000	———	— 30,000,000
Real estate loans	1,254,000,000	+ 2,000,000	+ 39,000,000
Loans to banks	43,000,000	+ 2,000,000	+ 3,000,000
Other loans	1,932,000,000	+ 2,000,000	+ 270,000,000
Treasury bills	1,079,000,000	+15,000,000	+ 367,000,000
Treasury notes	2,279,000,000	+ 3,000,000	+ 183,000,000
U. S. Bonds	7,934,000,000	— 5,000,000	+1,372,000,000
Obligations guaranteed by U. S. Gov't	3,316,000,000	+ 2,000,000	+ 734,000,000
Other securities	3,802,000,000	+58,000,000	+ 123,000,000
Reserve with Federal Reserve Banks	10,633,000,000	—63,000,000	— 816,000,000
Cash in vault	553,000,000	+23,000,000	+ 51,000,000
Balances with domestic banks	3,462,000,000	—33,000,000	+ 261,000,000
Liabilities—			
Demand deposits—adjusted	24,453,000,000	— 2,000,000	+3,400,000,000
Time deposits	5,431,000,000	— 4,000,000	+ 91,000,000
U. S. Government deposits	584,000,000	+32,000,000	+ 56,000,000
Interbank deposits:			
Domestic banks	9,215,000,000	— 3,000,000	+ 823,000,000
Foreign banks	629,000,000	— 2,000,000	— 53,000,000
Borrowings	1,000,000	———	———

Foreign Front

(Continued from Page 19)

table. They do, in fact, ask me to become the modern Benedict Arnold and betray all that I hold dear - my devotion to our freedom, to our churches, to our country. This course I have rejected; I reject it again. Instead, I know that I speak the conscience and determination of the American people when I say that we shall do everything in our power to crush Hitler and his Nazi forces."

This address was preceded by less formal comments, made last Saturday before neighbors at the Hyde Park summer home of the President. On that occasion, as on all others, Mr. Roosevelt did his best to stir up war sentiment by picturing the United States as in extreme danger. The danger has increased of late, the President said, without indicating that this is quite possibly due to actions taken in Washington with respect to Japan and other countries. Although Americans pray for peace, the final decision might not be theirs, Mr. Roosevelt remarked. The comments made over the week-end occasioned some comfort in Great Britain, and a good deal of criticism in Germany, Italy and Japan. Even in London, however, there were rumblings of discontent with the course chosen by the United States Government. British observers noted in particular that the continual assertions in official American quarters to the effect that Britain is fighting for America, as well as herself, ought logically to be followed by full American participation in the conflict. Supplies from the United States, it was maintained, constitute a "stream and not a river." Foreign Secretary Anthony Eden pointed out last Saturday that the output of war materials by the Allied and associated Powers, including the United States, still falls far short of British needs. The problem now has been complicated additionally, he said, by the need for supplying Russia, as well.

Japanese Aggression

Decisions as to peace or war in the Far East plainly hung in the balance as debate raged in Japan respecting the shipment through Japanese-dominated waters of American supplies for Russia. President Roosevelt studiously avoided all reference to the Japanese expansionism in his address on Monday, which condemned roundly the Hitler regime in Germany. The conclusion seems warranted that the President still hopes to alienate Japan from the Berlin-Rome Axis, and many reports of diplomatic negotiations confirm this view. Ample cards now are held by Mr. Roosevelt for playing this dangerous game, since the economic sanctions imposed upon Tokio could be relaxed in the event of "sweet reasonableness" in the Island Empire. That Britain is leaving the Far Eastern problem to the United States Government was made plain by Prime Minister Churchill in his radio report on the Atlantic conference. Washington is pushing the issue, perhaps fortuitously, as a consequence of gasoline shipments to Vladivostok, which have aroused the Japanese to a high pitch of resentment and anxiety. In some comments last Saturday, Mr. Roosevelt remarked that decisions as to peace or war may not lie in American hands, and it requires no stretch of the imagination to realize that he had the Far Eastern problem in mind.

Tokio reports said yesterday that fresh protests are being made at Moscow and Washington respecting gasoline shipments to Vladivostok, which Japan obviously believes are designed to aid any Russian move in the possible

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Portland Cement Statistics for Month of July 1941 and for 6 Months ended June 30 1941

The portland cement industry in July, 1941, produced 16,000,000 barrels, shipped 16,687,000 barrels from the mills, and had in stock at the end of the month 21,178,000 barrels, according to the Bureau of Mines, U. S. Deparment of the Interior. Production and shipments of portland cement in July, 1941, showed increases of 30.2% and 24.1%, respectively, as compared with July, 1940. Portland cement stocks at mills were 7.3% lower than a year ago.

The statistics given below are compiled from reports of July, received by the Bureau of Mines, from all manufacturing plants.

The mill value of the shipments—71,644,000 barrels—in the first half of 1941, is estimated at $105,440,000.

According to the reports of producers the shipments totals for the first half of 1941 include approximately 3,018,000 barrels of high-early-strength portland cement with an estimated mill value of $5,606,000.

In the following statement of relation of production to capacity the total output of finished cement is compared with the estimated capacity of 157 plants at the close of July, 1941, and of 160 plants at the close of July, 1940.

RATIO OF PRODUCTION TO CAPACITY

	July 1940	July 1941	June 1941	May 1941	April 1941
The month	55.9%	74.9%	74.0%	69.4%	59.3%
The 12 months ended	47.9%	59.6%	58.3%	57.4%	56.5%

PRODUCTION, SHIPMENTS, AND STOCKS OF FINISHED PORTLAND CEMENT, BY DISTRICTS, IN JULY, 1940 AND 1941

(In thousands of barrels)

	JULY					
	Production		Shipments		Stocks at End of Month	
District	1940	1941	1940	1941	1940	1941
Eastern Pa., N. J. & Md.	2,176	3,045	2,625	3,078	3,959	3,929
New York & Maine	1,022	1,241	995	1,176	2,030	1,928
Ohio, western Pa. & W. Va.	1,272	1,518	1,667	1,671	2,281	2,556
Michigan	1,000	970	1,019	1,058	1,929	2,021
Wis., Ill., Ind & Ky.	1,116	1,484	1,435	1,905	2,305	1,978
Va., Tenn., Ala., Ga., La. & Fla.	1,108	1,746	1,260	1,725	1,713	1,362
Eastern Mo., Ia., Minn. & S. Dak.	1,143	1,348	1,165	1,411	2,998	2,604
W. Mo., Nebr., Kans., Okla. & Ark.	853	1,007	749	931	2,082	2,029
Texas	523	837	538	914	683	702
Colo., Mont., Utah, Wyo. & Idaho	364	420	291	473	492	435
California	1,244	1,844	1,214	1,824	1,621	956
Oregon & Washington	436	494	451	474	560	678
Puerto Rico	33	46	33	47	2	[illegible]
Total	12,290	16,000	13,442	16,687	22,855	21,178

PRODUCTION, SHIPMENTS, AND STOCKS OF FINISHED PORTLAND CEMENT, BY MONTHS, IN 1940 AND 1941

(In Thousands of Barrels)

	Production		Shipments		Stocks at End of Month	
Month	1940	1941	1940	1941	1940	1941
January	6,205	9,021	3,893	7,984	25,759	24,416
February	5,041	8,345	4,907	7,456	25,894	25,307
March	7,918	10,596	7,716	9,915	26,118	25,982
April	10,043	12,196	10,829	14,132	25,348	24,056
May	12,633	14,732	13,206	16,048	24,758	a22,743
June	12,490	a15,223	13,223	16,109	24,010	a21,865
July	12,290	16,000	13,442	16,687	22,855	21,178
August	12,712	----	14,018	----	21,549	----
September	13,105	----	14,741	----	19,921	----
October	13,935	----	15,776	----	18,008	----
November	12,725	----	10,372	----	20,353	----
December	11,195	----	8,192	----	23,379	----
Total	130,292	----	130,315	----	----	----

(a) Revised.

The following table shows shipments of portland cement from domestic mills in the first six months of 1941 arranged by States so far as permissible, and by districts.

The quantities are summarized from monthly reports of producers received by the Bureau of Mines from all manufacturing plants in the first six months of the year.

The values (f.o.b. at the mills) are based on estimates of producers supplemented by estimates by the Bureau of Mines for five plants for the first six months. They do not include the price of containers nor do they include cash discounts where allowed. The values may be higher for certain States where some special cements have been reported by producers in addition to the ordinary structural cement.

PORTLAND CEMENT SHIPPED FROM MILLS IN THE UNITED STATES IN FIRST SIX MONTHS OF 1941, WITH ESTIMATED MILL VALUE BY STATES AND DISTRICTS

State	Number of shipping plants	Quantity (Barrels)	Estimated mill value
Alabama	6	3,251,000	$ 4,731,000
California	11	9,181,000	12,487,000
Illinois	4	2,338,000	3,655,000
Iowa	5	1,955,000	3,224,000
Kansas	6	2,176,000	3,303,000
Michigan	10	3,824,000	5,120,000
Missouri	5	2,365,000	3,782,000
New York	11	4,797,000	6,658,000
Ohio	9	3,376,000	4,488,000
Pennsylvania	25	14,180,000	19,796,000
Puerto Rico	1	185,000	360,000
Tennessee	6	2,606,000	3,865,000
Texas	10	4,592,000	7,509,000
Other States b	44	16,768,000	26,462,000
	153	71,644,000	$105,440,000
District			
E. Pa., N. J., & Md.	22	13,961,000	$ 19,451,000
New York & Maine	12	5,035,000	7,055,000
Ohio, W. Pa. & W. Va.	18	6,277,000	8,445,000
Michigan	10	3,824,000	5,120,000
Wis., Ill., Ind. & Ky.	11	6,828,000	10,380,000
Va., Tenn., Ala., Ga., Fla. & La.	18	9,448,000	14,185,000
E. Mo., Ia., Minn. & S. D.	11	4,504,000	7,349,000
W. Mo., Nebr., Kans., Okla. & Ark.	12	4,303,000	6,614,000
Texas	10	4,592,000	7,509,000
Colo., Mont., Utah, Wyo. & Idaho	8	1,682,000	3,125,000
California	11	9,181,000	12,487,000
Oregon & Wash.	9	1,824,000	3,360,000
Puerto Rico	1	185,000	360,000
	153	71,644,000	$105,440,000

(b) Includes Ark., Colo., Fla., Ga., Idaho, Ind., Ky., La., Maine, Md., Minn., Mont. Nebr., N. J., Okla., Oreg., S. D., Utah, Va., Wash., W. Va., Wis., and Wyo.

President Tells "Home Club" Dangers May Now Be More Serious Than At Start of War

President Roosevelt, in an address to members of the Roosevelt Home Club at Hyde Park, N. Y., on Aug. 30, said it is "very possible" that the dangers to the world "may be even more serious" now than when the European War began in September 1939. Expressing the hope that next year's gathering of the club members will still be a peaceful one the President asserted that "as you know, it isn't all in our keeping. It isn't all our decision." Mr. Roosevelt went on to read a letter he received from a woman whom he described as "an exceedingly good observer" whose husband's occupation permits her to observe things all over the world — in Europe and Asia, Africa and South America. This letter the President said, explains a little bit of what is going on from the standpoint of one who has seen things in the world at first hand. The President read the letter as follows, according to the Associated Press:

I am at this Summer resort with my children whom I have not seen for many months. It is terrifying, coming from Europe, to realize that many of these people in their unruffled existence seem to have no idea of what hangs over their heads today. They put themselves in a posture where they cannot squawk about what they don't want to see. They go about their "daily dozens" ignoring the threatening heel of human beings who want to destroy the freedom — the normal life — to which they have been accustomed.

They cannot see that the Hitlers of the world are waging war by exploiting social unrest, exploiting decent human progress by the use of armed power for their own aggrandizement.

Having seen with my own eyes the cruel and ruthless sweep of the dictator armies through Europe in the first year of the war; having contact with the expansion of that sweep to Africa and Asia during the second year of the war—and especially because personal, practical experience proves the point —I know that world domination, including of necessity the Americas, is the definite planned purpose of the dictators.

Finally, I want to say to you that in Europe or Africa or Asia there is not a nation of those who have suffered abuse whose people are not aware of what America stands for. They believe in America despite all the propaganda that is fed to them. They know they will never be exploited by America. They pray daily that America will save itself by helping greatly to defeat Hitlerism. They pray for this because it seems to them that that is the only way in which peoples everywhere can attain peace and live in peace.

Declaring that he supposed the letter voiced "the thought we all have" the President concluded by saying:

We all feel down deep in our hearts that we want to keep America so that in all the years to come, long after we have gone, long after there isn't any Home Club any more, somebody in this township — perhaps on this lawn—will be able to hold a party like this, just as we are doing it today, just as we hope we will all come back next year, and do it again.

The President's address had to do in part with affairs and incidents local to the community as well as to his recent conference with Prime Minister Churchill of England, and to the activities of the press in seeking to keep abreast of developments.

In part we give the President's address or informal remarks as contained in the Associated Press accounts.

Here we are in this scene that is essentially a scene of peace, living almost normal lives. A scene that I suppose could be duplicated, not the home club part of it, but the fact of the gathering, the fact of the general picture of the country-side could probably be duplicated in 20,000 communities in the United States. On a million farms, with good roads going past them, just like this somewhat over-burdened road out there.

In other words it is a natural normal American scene of peace and in a community we are mighty proud of, but always with the thought that there are tens of thousands of other communities, that the people living in them are equally proud of where in any of the communities—including our own—if we think back—what?—50 years—I can do that—some of you can too—we look back and think of the changes that have occurred through peaceful processes in that half-century.

Think of the improvements, not merely the physical improvements, but the whole of the standard of life, the way it has improved in this past 50 years. Go back and think about this—right in this town 50 years ago.

Now I would like very, very much to tell you a great many things, such as the—the development of the airplane program, and the tank program, and the shipping program; to tell you about all of the details of our problems in the far waters of the Pacific; to tell you all kinds of details about those very wonderful days — tremendously interesting days—that I spent with the Prime Minister of Great Britain, Winston Churchill. I would like to tell you all about those things.

But here's my trouble. My hands are tied. The reason why my hands are tied is this—it's the press. This group of old and very good friends of mine writing for papers, taking stills grinding out movies, who travel with me all the time, day and night. And the reason that I went to that distant spot in the Atlantic was to give them a rest. And they went up, while people said I disappeared. Well, I suppose that's the newspaper way of saying it. It happens to be true, I did.

They went up to a hotel in Swampscott, where there was good golf and boating, and everything else, expecting to get a holiday. And then some enterprising person in England discovered that the Prime Minister had gone, and furthermore discovered that their chief of staff had gone, and that the chief of their air corps had gone, and the chief lord of the Admiralty had gone, and somebody must have had real imagination — real intelligence. They put those—all of those four fellows together, and they figured out that they had all gone. Disappeared. Well, they made a great to-do about it. Why should all these four people disappear like that.

So they put something about it in the paper and sent it in to Washington and some terribly enterprising newspaper editors around the country began sending telegrams to the boys of mine up in Swampscott. "Where's the President?"

Well, they couldn't—I was 300—320 miles at sea at that moment. And then some enterprising newspaper man in Washington found that my chief of staff was gone, and the chief of naval operations, and General Arnold of aviation. They had gone too. And, by jove, that shows the value and the brilliance of a free press. They not only put and two together, but they put two more, and two more, until they added it up to eight.

And the fellows at Swampscott were deluged with telegrams from Washington: "What about it?"

They couldn't find me. They couldn't find me any place near there, but they were kept up all day and all night, trying to find me—in Swampscott.

So this week, I knew they had been working awfully hard—they had really had no holiday, and I told them yesterday down in Washington that there wouldn't be any news on Saturday afternoon from what I said to the home club. So you see how my hands are tied. I want to tell you all about the program. I want to tell you about Japan. I want to tell you about the meeting with Churchill, and I can't do it.

Among those present at the gathering were Harry Hopkins, the President's special adviser over all defense aid by the United States, and Munoz Mavin, President of the Puerto Rican Senate.

Foreign Front

(Continued from Page 20)

extension of the Axis battle against the Communists to the Far East. Such representations were made last week, without success, and there is no reason to believe that more notice now will be taken of the Tokio objections. The American decision to send a military mission to the Chinese at Chungking was followed, late last week, by a general Chinese attack upon the Japanese aggressors, and Tokio doubtless will connect the incidents, however remote they may be in reality. Extensive Japanese air raids against Chungking were noted last Sunday, as an obvious counter-stroke to the Chinese move. Meanwhile, the initial shipment of gasoline moved steadily through the Pacific to the appoint-destination at Vladivostok, and the Japanese authorities appeared to be profoundly perplexed by the fateful decision which is theirs to make. Strong inducements can be held out by Washington and London for permitting such shipments to pass, and the alternative may be war between Japan and the democracies. For the inordinately proud Japanese, on the other hand, acceptance of the conditions indicated by President Roosevelt and Prime Minister Churchill obviously is difficult. It is noteworthy that the powerful Asia Development Federation in Japan called, Tuesday, for the proclamation of a "defense zone" to include waters ringing Vladivostok. The diplomatic discussions between Washington and Tokio on Far Eastern problems continued, meanwhile, and it is earnestly to be hoped that they will suffice to prevent resort to war.

Hitler and Mussolini

Soon after President Roosevelt and Prime Minister Churchill concluded their Atlantic conference, leaders of the totalitarian aggressor States of Europe held another in their long series of personal discussions. Chancellor Hitler and Premier Mussolini conferred throughout last week at various points on the German-Russian front, according to a special statement issued by the Ger-

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Revenue Freight Cars Loaded And Received From Connections During Week Ended Aug. 23

The following table is a summary of the freight carloadings for **the separate railroads and systems** for the week ended Aug. 23, 1941. During this period 112 roads showed increases when compared with the same week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED AUG. 23

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
Eastern District—	1941	1940	1939	1941	1940
Ann Arbor	563	612	697	1,350	1,234
Bangor & Aroostook	861	868	724	260	208
Boston & Maine	9,090	7,239	7,016	13,239	9,466
Chicago, Indianapolis & Louisville	1,730	1,448	1,728	2,509	2,373
Central Indiana	14	15	24	65	52
Central Vermont	1,491	1,213	1,156	2,634	2,071
Delaware & Hudson	7,053	5,612	5,392	10,923	7,377
Delaware, Lackawanna & Western	9,972	8,433	9,007	8,631	7,082
Detroit & Mackinac	320	417	375	83	162
Detroit, Toledo & Ironton	1,895	1,745	1,442	1,290	1,108
Detroit & Toledo Shore Line	345	289	248	3,536	2,886
Erie	15,583	13,525	11,571	15,711	12,851
Grand Trunk Western	4,913	4,954	3,536	8,712	7,073
Lehigh & Hudson River	187	194	212	2,535	1,853
Lehigh & New England	2,458	1,792	1,744	2,004	1,424
Lehigh Valley	10,412	8,712	8,253	10,608	6,908
Maine Central	3,233	2,613	2,292	2,444	1,748
Monongahela	6,458	4,953	4,014	378	212
Montour	2,432	2,329	2,182	38	40
New York Central Lines	51,892	41,985	38,255	52,244	41,463
N. Y., N. H. & Hartford	12,361	9,550	9,286	16,452	11,349
New York, Ontario & Western	1,210	1,224	836	2,326	1,739
N. Y., Chicago & St. Louis	7,174	5,851	6,126	13,960	11,023
N. Y., Susquehanna & Western	481	331	360	1,600	1,327
Pittsburgh & Lake Erie	8,657	7,460	5,182	9,266	8,029
Pere Marquette	5,767	5,784	4,930	6,349	5,239
Pittsburgh & Shawmut	579	847	305	30	64
Pittsburgh, Shawmut & North	420	369	344	472	216
Pittsburgh & West Virginia	1,184	1,023	828	2,662	1,883
Rutland	659	657	628	1,218	988
Wabash	6,235	5,329	5,009	10,222	8,426
Wheeling & Lake Erie	5,979	3,946	4,242	4,470	3,479
Total	181,618	151,319	137,944	208,221	161,353
Allegheny District—					
Akron, Canton & Youngstown*	785	510	427	1,089	998
Baltimore & Ohio	42,807	35,031	30,417	22,430	18,274
Bessemer & Lake Erie	6,725	6,033	4,505	2,537	2,480
Buffalo Creek & Gauley	330	320	283	0	0
Cambria & Indiana	1,843	1.647	1,650	16	23
Central R.R. of New Jersey	9,104	6,801	5,479	16,031	11,523
Cornwall	722	688	617	74	48
Cumberland & Pennsylvania	305	237	201	43	36
Ligonier Valley	126	93	125	47	51
Long Island	984	778	603	3,222	2,176
Penn-Reading Seashore Lines	2,132	1,598	1,548	2,103	1,627
Pennsylvania System	90,097	70,479	58,965	58,155	44,477
Reading Co.	18.193	14.528	12,523	23,789	17.251
Union (Pittsburgh)	19,301	19,332	11,416	6,193	5,736
Western Maryland	4,642	3,608	3,269	8,974	7,230
Total	198,096	161,683	132,028	144,703	111,930
Pocahontas District—					
Chesapeake & Ohio	29,249	25,883	24,886	13,161	11,719
Norfolk & Western	25,316	21,300	20,111	6,276	5,264
Virginian	4,526	4,759	4,441	1,763	1,419
Total	59,091	51,942	49,438	21,200	18,402
Southern District—					
Alabama, Tennessee & Northern	442	218	284	253	193
Atl. & W. P.—W. R.R. of Ala.	889	700	737	1,814	1,463
Atlanta, Birmingham & Coast	874	874	558	1.078	687
Atlantic Coast Line	10.866	9,045	8,724	6,710	5,493
Central of Georgia	4,705	3,948	3,620	3,771	2,913
Charleston & Western Carolina	474	435	390	1,588	1,160
Clinchfield	1,903	1,416	1,408	2,738	1,796
Columbus & Greenville	280	223	314	400	304
Durham & Southern	187	164	180	610	579
Florida East Coast	457	402	393	793	719
Gainsville Midland	35	28	37	108	181
Georgia	1,383	1,360	927	1,921	1,684
Georgia & Florida	665	868	346	651	428
Gulf, Mobile & Ohio	4,288	3,169	x1,450	3,765	3,154
Illinois Central System	26,529	20,597	20,237	14,229	11,296
Louisville & Nashille	24,787	22,585	21,239	8,103	5,473
Macon, Dublin & Savannah	202	133	106	665	493
Mississippi Central	200	125	129	385	237
Nashville, Chattanooga & St. L.	3.406	3,020	2,895	3,3*5	2,524
Norfolk Southern	1,072	962	1,150	1,476	1,305
Piedmont Northern	479	359	375	1.404	1,216
Richmond Fred. & Potomac	404	382	347	5,502	3,136
Seaboard Air Line	10,246	8,904	7,951	6,085	4,674
Southern System	24,591	20,660	19,659	18,994	15,750
Tennessee Central	561	454	443	848	673
Winston-Salem Southbound	294	146	160	1,932	1,071
Total	120,224	101,177	95,558	89,138	68,602
Northwestern District—					
Chicago & North Western	23,103	21,083	18,410	13,775	10,843
Chicago Great Western	3.083	2,622	2,631	3.375	2,726
Chicago, Milw., St. P. & Pac.	25,228	20,825	21,156	10,705	7.930
Chicago, St. P., Minn. & Omaha	4,440	4,550	4,298	4,926	4,579
Duluth, Missable & Iron Range	24,671	21,540	13,452	260	273
Duluth, South Shore & Atlantic	1,629	756	1,179	555	517
Elgin, Joliet & Eastern	10,439	9,802	6,808	10,049	6,692
Ft. Dodge, Des Moines & South	540	547	485	171	169
Great Northern	27,219	27,666	22,248	4,586	3,005
Green Bay & Western	638	491	635	744	667
Lake Superior & Ishpeming	3.083	3.028	2.679	85	75
Minneapolis & St. Louis	2.415	2.356	2.048	2,248	1,780
Minn., St. Paul & S. S. M.	8.561	8.360	7,617	3,451	2,751
Northern Pacific	13.639	11,917	10,310	5,373	3,855
Spokane International	259	362	268	422	322
Spokane, Portland & Seattle	3.204	2,143	1,660	2,543	1,705
Total	152,151	138,048	115,884	63.268	47,889
Central Western District—					
Atch. Top. & Santa Fe System	22.608	18,176	18,984	8,409	5,756
Alton	3,346	3,028	2,928	3,173	2,028
Bingham & Garfield	656	521	462	68	62
Chicago, Burlington & Quincy	19.192	14.666	14.753	10.701	8,112
Chicago & Illinois Midland	2.423	2.209	1,818	1.043	802
Chicago, Rock Island & Pacific	13,580	12 281	11,794	10.704	8.964
Chicago & Eastern Illinois	3 067	2,480	2,434	2 941	2,686
Colorado & Southern	862	648	729	1,627	1,277
Denver & Rio Grande Western	3,747	5,065	3,776	4,455	3,036
Denver & Salt Lake	734	723	629	20	16
Fort Worth & Denver City	1.077	894	891	1,138	833
Illinois Terminal	1.979	1,759	1,828	2,157	1,602
Missouri-Illinois	1 102	1.0[illegible]	1,278	800	430
Nevada Northern	1.969	1,622	961	129	153
North Western Pacific	1,323	922	788	633	419
Peoria & Pekin Union	11	7	21	0	00
Southern Pacific (Pacific)	31,022	25,477	24,981	7,372	5,037
Toledo, Peoria & Western	369	294	283	1,650	1,174
Union Pacific System	17,638	14,957	14,596	11,945	9,205
Utah	466	352	210	10	8
Western Pacific	2,139	1,948	2,005	3,334	2,226
Total	129,310	109,040	106,149	72,309	53,826
Southwestern District—					
Burlington-Rock Island	175	105	151	171	299
Gulf Coast Lines	3,781	2,727	2,597	2,057	1,392
International-Great Northern	2,134	1,686	1,984	2,577	1,82[illegible]
Kansas, Oklahoma & Gulf	236	226	520	1,054	688
Kansas City Southern	2,874	2,102	1,767	2,839	1,972
Louisiana & Arkansas	2,535	1,922	1,699	1,970	1,358
Litchfield & Madison	372	385	389	1,427	939
Midland Valley	849	504	602	296	252
Missouri & Arkansas	161	152	188	373	298
Missouri-Kansas-Texas Lines	4,769	4,031	4,475	3,723	2,670
Missouri Pacific	17,268	13,978	13,263	12,505	8,527
Quanah Acme & Pacific	129	59	87	142	116
St. Louis-San Francisco	8,852	7,100	6,365	5,670	4,508
St. Louis Southwestern	2.707	2,215	2,417	3,326	2,127
Texas & New Orleans	8,409	7,007	6,479	4,162	2,765
Texas & Pacific	3,872	3,564	3,752	4,489	3,310
Wichita Falls & Southern	114	118	157	50	40
Weatherford M. W. & N. W.	23	18	13	62	27
Total	59 260	47.899	46,905	46,893	33,109

Note—Previous year's figure revised. * Previous figures. x Gulf Mobile & Northern only.

Weekly Coal Output Continues Above Last Years Figures During Week Ended Aug. 23 1941

The current weekly coal report of the Bituminous Coal Division U. S. Department of the Interior revealed that the total production of bituminous coal in the week ended Aug. 23 is estimated at 10,750,000 net tons, approximately the same figure as for the preceding week, and in comparison with 8,883,000 tons in the corresponding week of 1940. There has been little change in the trend of soft coal production since the middle of July. The average weekly rate of output during the past six weeks, however, has been approximately 2-million tons above that in the same period last year, and almost a million tons over that in 1929.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended Aug. 23 was estimated at 1,258,000 tons an increase of 84,000 tons over the preceding week (about 7%). Output in the corresponding week of 1940 amounted to 977,000 tons.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN THOUSANDS OF NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	Week ended			Calendar year to date c		
	Aug. 23, 1941	Aug. 16, 1941	Aug. 24, 1940	1941	1940	1929
Bituminous coal a						
Total, including mine fuel	10,750	10,740	8,883	307,944	285,411	334 761
Daily average	1,792	1,790	1,480	1,537	1,423	1,66[illegible]
Crude petroleum b						
Coal equivalent of weekly output	6,368	6,333	5,619	201,723	202,165	148,504

a Includes for purposes of historical comparison and statistical convenience the production of lignite. *b* Total barrels produced during the week converted to equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook 1939, page 702.) *c* Sum of 34 weeks ending August 23, 1941 and corresponding weeks of 1940 and 1929.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE
(In Net Tons)

	Week ended			Calendar year to date		
	Aug. 23, 1941	Aug. 16, 1941	Aug. 24, 1940	1941	1940 a	1929 a
Penn. Anthracite—						
Total, including colliery fuel b	1,258,000	1,174,000	977,000	34,645,000	32,792,000	44,180,000
Commercial production c	1,195,000	1,115,000	928,000	32,919,000	31,152,000	40,999,000
Beehive Coke—						
United States Total	156,900	138,200	66,400	3,850,500	1,389,100	4,457,900
Daily average	26,150	23,033	11,067	19,157	6,[illegible]	22,1[illegible]

a Adjusted to comparable periods in the three years. *b* Includes washery and dredge coal, and coal shipped by truck from authorized operations. *c* Excludes colliery fuel.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State	Week ended					Aug. average
	Aug. 16, 1941	Aug. 9, 1941	Aug. 17, 1940	Aug. 19, 1939	Aug. 17, 1929	1923 e
Alaska	2	2	3	3	f	f
Alabama	344	346	268	223	313	397
Arkansas and Oklahoma	82	77	81	55	80	81
Colorado	118	124	104	86	126	17[illegible]
Georgia and North Carolina	1	1	*	*	f	f
Illinois	1,045	1,020	826	665	968	1,363
Indiana	446	403	338	242	277	440
Iowa	30	29	50	52	69	100
Kansas and Missouri	147	132	104	95	112	145
Kentucky—Eastern	956	924	868	778	925	765
Western	222	218	162	117	243	217
Maryland	33	38	27	25	47	44
Michigan	11	1	11	4	15	21
Montana	56	53	48	49	60	50
New Mexico	20	20	11	20	45	4
North and South Dakota	21	21	20	17	f13	f20
Ohio	648	646	472	383	457	871
Pennsylvania bituminous	2,678	2,656	2,262	1,730	2,645	3,734
Tennessee	147	130	120	107	104	118
Texas	9	9	10	18	24	2[illegible]
Utah	85	81	83	48	68	8[illegible]
Virginia	405	390	308	284	232	24[illegible]
Washington	29	35	26	29	38	4[illegible]
West Virginia—Southern a	2,258	2,227	1,984	1,882	2,028	1,515
Northern b	828	854	634	519	711	875
Wyoming	119	110	95	89	111	15[illegible]
Other Western States c	*	1	*	*	f3	f4
Total bituminous coal	10,740	10,550	8,915	7,520	9,714	11,53[illegible]
Pennsylvania anthracite d	1,174	1,287	952	783	1,072	1,926
Total, all coal	11,914	11,837	9,867	8,303	10,786	13,464

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. *b* Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. *c* Includes Arizona California, Idaho, Nevada, and Oregon. *d* Data for Pennsylvania anthracite from published records of the Bureau of Mines. *e* Average weekly rate for entire month. *f* Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." * Less than 1,000 tons.

Foreign Front

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man High Command. The Italian journeyed over the Brenner Pass on Aug. 24 for this meeting, and when the talks ended on Aug. 29 the world was informed briefly of the circumstances. All military and political questions bearing on the course and duration of the World War were discussed by the two dictators, it appeared, and the conversations were "permeated by the unalterable determination of both peoples and their leaders to continue the war to a successful conclusion." All matters were examined, according to the statement, in a spirit of close comradeship and common destiny. The new European order that the two dictators plan to forge will, it was indicated, as far as possible remove the causes that in the past have given rise to European wars. "The destruction of the Bolshevist danger and plutocratic exploitation will create the possibility of fruitful, peaceful and harmonious collaboration by all the peoples of the European Continent in the political, as well as in the economic and cultural spheres," the dictators said. The meeting was regarded generally as little more than an attempted offset to the Anglo-American conference and eight-point declaration.

Third Year of War

Two full years of the European war were completed last Sunday, and as the third year began there was a natural tendency to review the situation and the gains and losses of the period of hostilities. That the Nazis have won virtually all the battles to date is, of course, bitterly obvious, but the offset is that they are just as far from winning the war as they were when the plunge into Poland was taken on Sept. 1, 1939. Most of Europe has been overrun by the Germans and their Italian and other allies in the two years of unremitting conflict. The hold of the aggressors upon almost a score of conquered countries is precarious, however, and is likely to be attended by ever mounting difficulties. The British Isles still hold out and there is no longer any apprehension of a Nazi victory over the United Kingdom. To the embattled British a measure of American aid already has been extended, and although such assistance is far from adequate, the prospects of rapid increase are there. Grave problems remain, and among them may be that of all-out American activity, for it is now generally conceded that Britain may not be able to organize a sufficient effort without military participation by the United States.

The third year of the vast conflict, which promises to be no less perturbing and difficult than the first two years, was ushered in by heavy British aerial attacks upon German ports and industrial cities, and the various strategic points of the German-held invasion coast. Mighty squadrons of British bombing airplanes soared over the English Channel by day and night, and much destruction resulted in the Nazi war establishment. Russian airplanes joined, Tuesday, in the attack on Berlin and other Reich cities. The Germans attacked at times, and did some damage at Hull, but the Nazi airplanes were far less numerous than during the all-out attacks common just one year ago. Indeed, it is now conceded by military experts that aerial attacks alone are not likely to be decisive, and this consideration leads automatically to the problem of an invasion effort. For the time being there is no sign of such moves by either side. Warfare on the high seas was in the background during recent days, obviously because few sink-

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Foreign Front

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ings of merchant ships occurred. It may be too early, however, to claim the winning of the Battle of the Atlantic, for the German effort well may be revived if and when the Russian encounter ends. That Britain needs and desires more war materials to enhance the effort against the Nazis was indicated, last Saturday, by Foreign Secretary Anthony Eden who called for greater production both in Britain and the United States. Some British spokesmen now call frankly for full military participation by the United States.

Soviet Front

Time and the nearing Russian winter plainly are becoming ever more important factors in the war which the Nazi Germans extended to Communist Russia on June 22, for reports of the fighting suggest that a decision may be long delayed. In the center of the battlefield of 1,650 miles stretching from the Baltic to the Black Sea, Russian counterattacks held up the Nazis in recent days. At the extreme northern and southern tips of the line, however, the Reich forces admittedly made some progress. It may easily turn out that the fierce and dogged Russian push in the center will determine the immediate course of the entire campaign and therefore the line to be established for the harsh wintry months to come. So sharp was the Soviet attack, Moscow claimed, that German divisions had to be rushed from occupied France to aid the exhausted Nazis already in Russia. The German High Command said little about the maneuvers in the Gomel area, where the Russians claim to be advancing, but Berlin sources admitted strenuous efforts by their adversaries. Since neither German nor Russian sources can be fully trusted, there is a possibility that the news is being somewhat distorted or colored with a view to inducing Britain to attempt an invasion of the Continent. Apart from such considerations, however, it is plain that the aggressors have suffered heavy losses in their sustained battle against the vast armies of the Soviet Union.

In the northern sector the Germans appeared steadily to be drawing the net tighter around the vitally important City of Leningrad, which Russian military spokesmen admitted ten days ago to be seriously threatened. That the Moscow-Leningrad Railway has been cut is no longer disputed. From the north the Finns drove down the Karelian Isthmus, and last Saturday took the City of Viborg, which they had surrendered to Russia last year. Much rejoicing was occasioned in Finland by this recapture, even though Viborg was devastated, and rumors circulated for a time that peace might be restored between Russia and Finland. These rumors were quite circumstantial, and the United States Ambassador to Britain, John G. Winant, was said to be an intermediary. But the Finnish General, Lennart Oesch, maintained on Monday that the struggle must continue. Reich forces captured the former Estonian capital, Tallinn, last Friday, and Russia admitted the loss yesterday. Baltic Port and other towns also fell to the advancing Nazis, who claimed the sinking of 43 Russian merchant ships and 17 Russian warships in these actions, which completed the German investment of the Baltic States. At the southern end of the tremendous line the Russians claimed the establishment of a bridgehead over the Dnieper, but the Nazis scoffed at such reports. Odessa remained under siege, but soon may fall if there is truth in a new German claim that the main waterworks of the city have been taken. The difficulty of the Russian supply problem was illustrated by the unheralded arrival at Nome, Alaska, of two Russian airplanes bearing 47 Russian military experts on their way to Washington.

Middle Eastern Crisis

Although British and Russian troops now have fortified their hold upon the Middle East through the conquest of Iran, the danger of a more widespread conflict in that region is not yet surmounted. In the unlikely event of an early German victory over Russia, the Nazis can be expected to drive toward Iran over the land route. More immediate is the problem of Turkey, which appears to be subjected to extraordinary pressures from London and Berlin, alike. Heavy concentrations of German troops have been reported recently on the border of European Turkey, and it is no secret that Great Britain now has sizable contingents close to the borders of Asiatic Turkey. These forces emphasize sharply the diplomatic tug-of-war which now rings Turkey completely. No matter what the Turkish decision may be, however, the fact remains that Britain and Russia now have assured a supply line from the Persian Gulf which doubtless will play an important part during the forthcoming campaigns. Slim as it is, this supply line may prove vital to the Russians as the war with Nazi Germany continues. This meeting took place at Sinneh, Iranians to the Anglo-Russian invasion ended quickly, and by last Monday a junction already had been effected of the British, moving from the south, and the Russians, moving from the north. This meeting took place at Sinneh, in the western part of the country. Outlines of a working agreement between the Iranian authorities and the Anglo-Russian forces

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PROCUREMENTS AND PRIORITIES

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in mechanical refrigerators, and nearly 100 per cent in silk.

In this second type of situation the defense authorities have simply stepped in with a horizontal cut in order to prorate the shortage throughout the industry, with the added possibility that the smaller units can be allocated a somewhat larger proportionate share of output in order to spare them from premature drowning in red ink.

But whether the impending shut-downs are due to sporadic and unpublicised shortages or to official horizontal cuts makes little difference to employer or employee; in either case they face hard times in the midst of prosperity.

As a result, for the first time since the defense program started, Washington is being deluged with frantic requests for relief from the economic consequences of re-armament. Mayors, city councils, chambers of commerce and labor organizations are asking that something be done to find their people work. A resolution for an investigation was considered by the Senate Commerce Committee on Wednesday, and the issue has become politically quite "hot."

On the other side of the picture, the defense program has now spread out approximately to the limits possible without a change in procurement methods. For various reasons the first year of the defense program saw a very heavy concentration of orders. About half a dozen single firms obtained nearly a third of all the defense contracts let; some 56 firms received 75 per cent of the total, and 600 firms got 90 per cent. A huge backlog of idle facilities, either carried over from the pre-defense period or soon to be made idle by raw material priorities, can only be tapped for defense by a change in the buying methods of the Army and Navy.

Up to the present, there were numerous good and valid reasons for the recent buying methods. The services found it easier to place a few large orders than to place and supervise a multitude of small ones. During their previous years of financial drought they had done business with comparatively few firms, had learned to rely on certain of them, and so preferred to continue doing business with them rather than shop around with unknown companies. Moreover the system of competitive bidding, developed to avoid the cost-plus scandals of negotiated contracts 25 years ago, contributed to this concentration of business; certain companies could do the work cheaper because they were big and because they were familiar with government requirements.

The defense authorities tried valiantly to encourage sub-contracting, but with little success; out of some $2,500,000,000 of orders recently placed, only $26,000,000 was sub-contracted.

Undoubtedly some of the current complaints and fore-warnings of "priority unemployment" are considerably exaggerated. The American Federation of Labor, for instance, warns that by October first 1,500,000 men will be out of jobs in the metal-working industries alone, and other labor organizations have made even broader statements. But priorities are not shutting materials off that fast, and new defense orders are still putting fresh men to work by the thousands. Social Security Administrator McNutt estimated recently that defense would need 487,000 more workers by the first of October; and while it is estimated that the current program for automobile curtailment will cost 90,000 jobs, three large defense plants in Detroit will shortly be taking on from 40,000 to 50,000 men, with additional thousands to be added over the winter.

Nevertheless, the problem is a real and a serious one, and with the prospect of killing two birds with one stone—the need for defense expansion and the need for alleviating unemployment—the defense authorities have been taking some decidedly constructive steps this month.

First of these is preparation for a considerably more meticulous "scheduling" of raw materials. Charges are frequently heard that armament companies, and even the armed services themselves, are using loopholes in the priority system to pile themselves up inventories of raw materials in excess of their scheduled requirements, "just in case." The cure for this, unfortunately, means a more careful system of official scrutiny not only of who gets what materials, but how much. This is already in effect in aluminum, where the principal supplier must make detailed monthly reports of all deliveries, so that the authorities can tell whether the priorities privilege is being abused. Another step was taken recently in General Metals Order No. 1, stipulating that certain consumers of scarce metals shall not increase inventories "beyond the amount needed in the normal operation of business." And further steps are being prepared. The result should be to make the scarce supplies go further, either to more defense plants or, if there is anything over, to non-defense industries badly in need of a few pounds or tons of some scarce item in order to keep plants and men occupied.

A second type of change involves sub-contracting, which the achievements in this direction of such firms as Pratt & Whitney, Sperry, and Allison indicate can be much more widely practiced. The British have developed a good deal of favorable experience in this line, and the automobile industry is reported ready to sub-contract as much as 45 per cent of its present backlog of $2,000,000,000 of defense orders.

The Defense Contract Service of OPM has been lifted up to more authority. Contracts over $50,000 must now state the percentage to be sub-contracted or "farmed out," and those over $250,000 must give this information in detail. As Mr. Knudsen said at a recent press conference:

"We try from our experience with other firms in the same line to see whether there is a way to get them to increase that ratio, see? Say we have two contractors making a 9-cylinder engine. If one has got 20 per cent (sub-contracted) and the other has 40 per cent, we will go to the fellow with 20 and say, will you give us 35."

Prime contractors are to be reimbursed for added costs due to sub-contracting. They are to be given bonuses if they can achieve earlier delivery by sub-contracting. The use of "key sub-contractors," making a specialty of sub-contracting, is to be extended.

Other changes are intended to make it easier for small firms and those heretofore unfamiliar with government specifications, to handle defense orders. Performance bond requirements are to be modified. Inspection at plants will speed up payments. Calls for bids for large quantities are to be broken down into optional smaller units to let the smaller fellows bid. Where possible, specifications are to be relaxed and tolerances lowered.

Negotiated contracts are to be permitted at prices up to 15 per cent above going rates, when approved by Defense Contract Service, so that defense work can go out into communities which without it face early shut-downs for lack of materials. Arrangements are to be made for local manufacturer "pools" to bid on work which can then be spread among different shops owning the necessary tools.

These local pools have been in formation for some time, many of them instigated by the National Association of Manufacturers. In addition the defense authorities are encouraging "defense clinics," where small would-be defense contractors can meet the representatives of the large prime contractors; such clinics have recently been held in New York, Brooklyn, Hartford, and many upstate New York cities.

In addition, the U. S. Census Bureau, under the direction of the defense authorities, is now taking a census of the facilities of 65,000 small manufacturers to make available a pool or file of information in Washington of where work can be placed, similar to the pool of registered skilled and semi-skilled available workers made last year by the U. S. Employment Office, and the pool of information on scientific specialists built up by the National Research Council.

Lastly, the so-called "Buffalo plan" is being pushed by the Labor Division of OPM. Under this plan some 2,300 men released by the closing of a Chrysler automobile factory are to be re-trained under a program sponsored by the local employment services and the personnel managers of defense plans, in and around Buffalo, to be re-hired in these defense plants when the training is completed.

It is ironic that after the government for many years has been favoring little business at the expense of big through the tax and anti-trust laws, and in fact has been trying to "atomize" or "pulverize" big business into little ones, it should now find the gearing of little business into the defense program so much greater a problem than the gearing in of big business.

Foreign Front

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were reported in London, Tuesday, as nearing completion.

Franco-German Collaboration

Harassed by the Germans on the one side and by numberless internal dissidents on the other, Marshal Henri Philippe Petain still endeavors to find some means of continuing the precarious hold of his regime in Vichy upon France. The unrest prevalent in both occupied and unoccupied France plainly has reached the breaking point, with drastic action to be expected if disorders continue. Other countries which are held by the German militarists unquestionably are moving toward the same situation. But France epitomizes the problem, and also tends to establish precedents for much of Europe in these difficult times. Almost a full month has gone by since Marshal Petain announced "collaboration" with the Berlin Government in the vague "new order" of the Nazis. Such collaboration still remains to be established, however, and in the meanwhile objections have reached the point of open revolt. This is the only interpretation that can be put upon the shooting and wounding at Versailles, Aug. 27, of Pierre Laval and Marcel Deat by the alleged Communist Paul Colette. The two leading French proponents of collaboration with Hitler now are reported out of danger, but the attack will echo grimly in French councils. German authorities appear disposed to treat the incident as of no concern to them, but a false move by Vichy might quickly change the situation. Marshal Petain announced last Sunday that the Legion of War Veterans will be enlarged and will carry on in France the necessary political activities. Whether this delegation of power to the semi-fascistic Legion will tend to quiet France seems doubtful.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Thomas W. Bartsch has been proposed as alternate for Frederick B. Hard, under Section XI, Article II, which will be considered on September 11, 1941.

Transfer of the Exchange membership of Sheldon T. Coleman to Thomas Jordan will be considered on September 15, 1941.

The transfer of the Exchange membership of Harold W. Scott, partner in Dean Witter & Co., to Leonard A. Goldstone will be considered on September 11, 1941. (Dean Witter & Co. will continue as an Exchange member firm.)

William Sheffield Cowles general partner in Wood, Walker & Co., New York City, became a special partner August 30, 1941.

David E. Levey, Exchange member, retired from partnership in Bernard J. Goldstein & Co., New York City as of August 31st. The firm has retired as a Stock Exchange member firm, but will continue in the securities business.

Harry Rice Kimbark, Chicago, withdrew from partnership in Harris, Upham & Co. on August 30th.

Paul T. Brady withdrew from L. S. Kerr & Co., New York City as of August 30th.

Auchincloss & Coleman, New York City, dissolved as of August 30th.

F. H. Prince & Co., Providence, R. I., dissolved as of June 17, 1941.

Edward E. B. Adams, special partner in E. F. Hutton & Co., New York City, died on August 23rd.

Philip W. Russell, allied member, Merrill Lynch, Pierce Fenner & Beane, New York City, died on August 24th.

Says Liberating Influence of Competitive Bidding Rule Fosters Free Enterprise

"The liberating influence of our competitive bidding rule will foster free enterprise and competition in a field which has long been characterized by concentration of the management and underwriting of new securities in the hands of a few firms," it was asserted on Aug. 28 by Robert E. Healy, a member of the Securities and Exchange Commission, in addressing the National Association of Railroad and Utilities Commissioners at St. Paul, Minn. Advices from St. Paul to the New York "Herald Tribune" in thus quoting Mr. Healy likewise reported him as saying:

"Since Rule U-50 became effective, there appears to have been active competition between investment bankers both in the formation of groups to bid on new issues (frequently without relation to past affiliations) and in the tendering of bids. The insistence upon competition in the sale of this particular kind of merchandise follows the traditional American pattern of the Sherman Act, the Clayton Act, and the Federal Trade Commission Act. All of them aim to preserve competition and to keep that competition fair.

"These laws, backed by both major political parties, are among the foundation stones of our democratic system of capitalism. Let it not be thought that Rule U-50 is merely a matter of business procedure.

"Ours is a system of free enterprise and when practices are allowed to develop which eliminate or suppress competition, the very fundamentals of that system are endangered."

The adoption by the SEC of Rule U-50 under the Public Utility Holding Company Act of 1935 was noted in these columns April 12, page 2316; as indicated therein, it requires, with certain exemptions, competitive bidding in the issuance and sale of securities of registered gas and electric public utility holding companies and their subsidiaries. In his remarks at St. Paul, Mr. Healy, according to the New York "Times" of Aug. 29 stated that "after the first three deals under Rule U-50, which was enforced on May 7 last, the Commission sent representatives to interview more than 20 New York underwriters."

The account of his address in the "Times" continued:

"With respect to the formation of syndicates to bid on securities

(Continued on Page 26)

OPM Board Reorganized – Small Plants To Receive Additional Steel Defense Orders

The "Iron Age" in its issue of Sept. 4 reported that a long step toward unification of U. S. defense efforts was taken last week in the President's third shake-up of the government's defense machinery. At first glance the reorganization represents progress for the new deal and a setback of industrialists who 15 months ago were drafted to get the national defense program under way. The "Iron Age" further reported:

While the new super board has potentialities for smoothing the allocation of defense and civilian supplies, it removes from the domestic picture two key men recruited from industry—Edward R. Stettinius, Jr., former OPM director of priorities, and John D. Biggers, former OPM director of production. One of the ablest men to rise in the reorganization is Donald Nelson, former OPM director of purchases who becomes executive director of the new 7-man board. Industry recalls that Mr. Nelson has frequently advocated establishment of a civilian planning board to pass on competing requirements of both defense and non-defense plants.

Meanwhile the plight of plants facing possible extinction through the workings of the complicated priorities system shows no improvement.

While some small plants may find themselves in a hopeless position until the shortages of material like steel pass—and they will pass—other non-defense plants may owe part their difficulties to their own inertia. At Chicago the defense contract service this week warns such non-defense plants to stick out their chins and fight. "Don't stop soliciting after submitting a list of your plant facilities," the defense agency said. "Too any firms are never heard from again. The aggressive firm keeps coming back." A successful Chicago sub-contractor urges: "Keep the attitude that the government right now is the biggest sales prospect in the world and go after his business as wolfishly as in regular trade channels." To many non-defense plants, such advice looked easy to give but hard to take.

Attacking from another direction, the dislocation of industry not having defense orders, the OPM is surveying communities and industries struck by material shortages, and the army and the navy will be asked to place contracts in these areas on a basis of OPM findings. A preliminary list of such industries shows stove, electrical appliance, washing machine, zipper, aluminum ware, metal office furniture, refrigerator and such consumer goods industries particularly hard hit. The OPM hopes to convert these industries to war work as some aluminum pot and pan makers were recently converted to rolling brass shells and drawing cartridge cases.

Difficulty in getting supplies has extended to the vital machine tool industry. A recent survey of such plants showed that 20 out of 85 reported troubles in obtaining sufficient materials, parts and other supplies.

At the same time 61 of the 85 machine tool plants report shortages of skilled men and 24 found a scarcity of supervising personnel.

Steel producers, endeavoring to make enough of that metal to go around, this week found another customer, Russia, inquiring for large tonnages of almost all types of steel. In the face of such a demand from so many places, Labor Day this year meant little as production holiday and ingot output for the country dipped only ½ point to 96.5% from the 97% rate prevailing last week.

The steel industry as a whole closed August order books with total specifications equal to or slightly greater than the July tonnage. Some companies reflected gains last month as much as 30% above July, with orders in the past week particularly heavy for plates, shapes, bars and oil country goods. The steel companies are expected to provide a complete report on shipments, orders and unfilled backlogs to the OPM about Oct. 1. This report apparently will recapitulate information now being supplied by steel consumers on form PD-73. All steel orders now must carry this form and by Oct. 1 most of the unfilled steel tonnage on company books will be properly catalogued and classified for the OPM.

This week sheet mills, consumers of their products, again were feeling the pressure of the defense program and were having their production cut because of the allocation of plate tonnage. Barrell stock for Russian oil drums, however, have been given an A-1-A priority and the material, allocated to several sheet mills, constitutes a "rush shipment." Already exercising strict control over plate mill rolling and shipping schedules, the OPM is expected soon to extend this treatment to structural steel products and possibly hot rolled bars. Practically all pig iron shipments in September will be for defense projects.

At midweek, the iron and steel scrap trade, with orders taken before Sept. 1 at prices above the OPACS ceiling cancelled, awaited the imposition of mandatory control over that commodity. A lull in shipments set in following the Sept. 2 deadline proclaimed by the OPA for strict adherence to ceiling prices. From various centers come reports to the "Iron Age" that the usual large inventories built up each fall at consuming plants as a hedge against cold weather (when collection is more difficult) are lacking.

Fabricated structural steel awards of 20,900 tons are more than double those of a week ago. Sizable lettings are 7,000 tons at Salt Lake City, Utah, for a small arms plant for Remington Arms Co. and 4,900 tons for a foundry at the Ford River Rouge plan New Structural steel projects of 25,750 tons are slightly higher than last week's. Reinforcing steel awards total 26,900 tons against 27,700 tons a week ago.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Sept. 2, 1941, 2,30467c. a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		Low	
1941	2.30467c.	Sep 2	2.30467c.	Sep 2
1940	2.30467c.	Jan 2	2.24107c.	Apr 16
1939	2.35367c.	Jan 3	2.26689c.	May 16
1938	2.58414c.	Jan 4	2.27207c.	Oct 18
1937	2.58414c.	Mar 9	2.32263c.	Jan 4
1936	2.32263c.	Dec 28	2.05200c.	Mar 10
1935	2.07642c.	Oct 1	2.06492c.	Jan 8
1934	2.15367c.	Apr 24	1.95757c.	Jan 2
1933	1.95578c.	Oct 3	1.75836c.	May 2
1932	1.89193c.	Jly 5	1.83901c.	Mar 1
1931	1.99629c.	Jan 13	1.86586c.	Dec 29
1930	2.25488c.	Jan 7	1.97319c.	Dec 9
1929	2.31773c.	May 28	2.26498c.	Oct 29

Pig Iron

Sept. 2, 1941 $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	22.61

Based on average for basic iron at Valley furnace and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati.

	High		Low	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	22.61	Sep 19	20.61	Sep 12
1938	23.25	Jun 21	19.61	Jly 6
1937	23.25	Mar 9	20.25	Feb 16
1936	19.74	Nov 24	18.73	Aug 17
1935	18.84	Nov 5	17.83	May 14
1934	17.90	May 1	16.90	Jan 27
1933	16.90	Dec 5	13.56	Jan 3
1932	14.81	Jan 5	13.56	Dec 6
1931	15.90	Jan 6	14.79	Dec 15
1930	18.21	Jan 7	15.90	Dec 16
1929	18.71	May 14	18.21	Dec 17

Steel Scrap

Sept. 2, 1941, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	19.08

Based on No. 1 heavy melting steel quotations at Pittsburgh, Philadelphia, and Chicago.

	High		Low	
1941	$22.00	Jan 7	$19.17	Apr 10
1940	21.83	Dec 30	16.04	Apr 9
1939	22.50	Oct 3	14.08	May 16
1938	15.00	Nov 22	11.00	Jun 7
1937	21.92	Mar 30	12.92	Nov 10
1936	17.75	Dec 21	12.67	Jun 9
1935	13.42	Dec 10	10.33	Apr 29
1934	13.00	Mar 13	9.50	Sep 25
1933	12.25	Aug 8	6.75	Jan 3
1932	8.50	Jan 12	6.43	Jly 5
1931	11.33	Jan 6	8.50	Dec 29
1930	15.00	Feb 18	11.25	Dec 9
1929	17.58	Jan 29	14.08	Dec 3

The American Iron and Steel Institute on Sept. 2 announced that telegraphic reports which it had received indicated that operating rate of steel companies having 91% of the steel capacity of the industry will be 96.3% of capacity for the week beginning Sept. 2, compared with a revised figure of 96.5% one week ago, 96.3% one month ago (likewise revised) and 82.5% one year ago (unrevised). This represents a decrease of 0.2 points, or 0.2%, from the preceding week. Weekly indicated rates of steel operations since Aug. 5, 1940, follow:

1940—		Nov 4	96.0%	Feb 3	96.9%	May 12	99.2%
Aug 5	90.5%	Nov 11	96.1%	Feb 10	97.1%	May 19	99.9%
Aug 12	89.5%	Nov 18	96.6%	Feb 17	94.6%	May 26	98.6%
Aug 19	89.7%	Nov 25	96.6%	Feb 24	96.3%	Jun 2	99.2%
Aug 26	91.3%	Dec 2	96.9%	Mar 3	97.5%	Jun 9	98.6%
Sep 2	82.5%	Dec 9	96.9%	Mar 10	98.8%	Jun 16	99.0%
Sep 9	91.9%	Dec 16	96.8%	Mar 17	99.4%	Jun 23	99.9%
Sep 16	92.9%	Dec 23	80.8%	Mar 24	99.8%	Jun 30	91.8%
Sep 23	92.5%	Dec 30	95.9%	Mar 31	99.2%	Jly 7	94.9%
Sep 30	92.6%	1941—		Apr 7	99.3%	Jly 14	95.2%
Oct 7	94.2%	Jan 6	97.2%	Apr 14	98.3%	Jly 21	96.0%
Oct 14	94.4%	Jan 13	98.5%	Apr 21	96.9%	Jly 28	97.6%
Oct 21	94.9%	Jan 20	96.5%	Apr 28	94.3%	Aug 4	96.[illegible]%
Oct 28	95.7%	Jan 27	97.1%	May 5	96.8%	Aug 11	95.6%
						Aug 18	96.2%
						Aug 25	96.5%
						Sept 2	96.3%

x The revisions in the rates published for previous weeks reflect the recently announced increased capacity of the industry, rated as of June 30, 1941.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Sept. 1, stated:

Breaking precedent of many years, steelmaking units generally are operating through Labor Day, though some finishing capacity will be idle. This action attests clearly appreciation of necessity for full production, since Labor Day has been a "sacred" holiday. One effect will be to assure consumers that every effort is being made to provide for their needs.

Great confusion exists as to application of full priority on steel, which goes into effect today (Sept. 1). Reclassification of orders to conform to the new situation is going forward as rapidly as possible but is far from completed. It appears definitely that defense will absorb so much tonnage on high priorities that civilian consumers will have little chance to obtain shipments for some time.

Some steelmakers, after study of the priority order and observation of its preliminary workings, believe it will clear the situation materially. They expect civilian supplies will be severely restricted for perhaps 60 days and after that be in better position than during the past few months, with more steel available for such use. Application of Form PD-73 is expected to ration steel more equitably than formerly.

Many consumers have sent in orders without necessary forms attached and in other cases not fully executed. These orders must be sent back. Consumers covered far in advance have failed to file Form PD-73 and have been notified of the requirement.

Mill difficulty varies with the proportion of defense business on books. Makers of special steels find distribution relatively easy as practically all their production goes to defense. Mills making a wide variety of common steel have heavy orders from customers in the H class and difficulty is being experienced in deciding how much of this tonnage can be released.

Consumers without defense or essential civilian business, who have been able to get by until now, face the necessity of obtaining

President Calls For Increased Armament Production; Everything Else Is Secondary

In a Labor Day radio broadcast on Sept. 1, President Roosevelt asserted that "we shall do everything within our power to crush Hitler and his Nazi forces" in order to "build a democratic world on enduring foundations."

Stating that American labor "bears a tremendous responsibility in the winning of this most brutal, most terrible of all wars," the President asserted, that the reason why we are determined "to devote our entire industrial effort to the prosecution of a war which has not yet touched our own shores" is "due solely to our recognition of the fact that our fundamental rights, including the rights of labor, are threatened by Hitler's violent attempt to rule the world." Mr. Roosevelt further said that because of the interdependence of all our rights "we have been able to defy and frustrate the enemies." While stating that the products of American industry are "moving to the battlefronts against Hitlerism in increasing volume each day" the President warned that our American effort was not enough and that the total of our production must be stepped up, since output of "the weapons of freedom will determine in no small part the length of the ordeal through which humanity must pass." Declaring that we "cannot hesitate or equivocate in the great task before us," the President added that "the defense of America's freedom must take precedence over every private aim and over every private interest." Mr. Roosevelt also asserted that "we must do our full part" in conquering the "forces of insane violence" let loose upon the earth by Hitler. With regard to those who urge a course of negotiation with Hitler, the President said he would not become a modern Benedict Arnold and betray all that he holds dear.

The President's talk was made in a Labor Day observance program, arranged by the Office for Emergency Management. Others on the program included British Minister of Labor Ernest Bevin, speaking from London; William Green, President of American Federation of Labor; James B. Carey, Executive Secretary of the Congress of Industrial Organizations, and Sidney Hillman, Associate Director General of the Office of Production Management.

The following is the text's of the President's address, according to the Associated Press:

On this day—this American holiday—we celebrate the rights of free laboring men and women.

The preservation of these rights is now vitally important not only to us who enjoy them—to the whole future of Christian civilization.

American labor now bears a tremendous responsibility in the winning of this most brutal, most terrible of all wars.

In our factories and shops and arsenals we are building weapons on a scale great in its magnitude. To all the battle fronts of the world these weapons are being dispatched, by day and by night, over the seas and through the air. And this nation is now devising and developing new weapons of unprecedented power toward the maintenance of democracy.

Why are we doing this? Why are we determined to devote our entire industrial effort to the prosecution of a war which has not yet actually touched our own shores?

We are not a warlike people. We have never sought glory as a nation of warriors. We are not interested in aggression. We are not interested—as the dictators are—in looting. We do not covet one square inch of the territory of any other nation.

Our vast effort, and the unity of purpose which inspires that effort, are due solely to our recognition of the fact that our fundamental rights — including the rights of labor—are threatened by Hitler's violent attempt to rule the world.

These rights were established by our forefathers on the field of battle. They have been defended—at great cost but with great success—on the field of battle, here on our own soil, and in foreign lands, and on all the seas all over the world.

There has never been a moment in our history when Americans were not ready to stand up as free men and fight for their rights.

In times of national emergency, one fact is brought home to us clearly and decisively—the fact that all of our rights are interdependent.

The right of freedom of worship would mean nothing without freedom of speech. And the rights of free labor as we know them today could not survive without the rights of free enterprise.

That is the indestructible bond that is between us—all of us Americans: interdependence of interests, privileges, opportunities—interdependence of rights.

That is what unites us—men and women of all sections, of all races, of all faiths, of all occupations, of all political beliefs. That is why we have been able to defy and frustrate the enemies who believe they could divide us and conquer us from within.

These enemies all know that we possess a strong Navy—gaining in strength. They know that that Navy—as long as the Navies of the British Empire and the Netherlands and Norway and Russia exist—can together guarantee the freedom of the seas. These enemies know that if those other navies are destroyed, the American Navy cannot now, or in the future, maintain the freedom of the seas against all the rest of the world.

These enemies know that our Army is increasing daily in its all-'round strength.

These enemies know that today the chief American fighters in the battles now raging are those engaged in American industry, employers and employees alike.

These enemies know that the course of American production in the past year has shown enormous gains and that the product of these industries is moving to the battle fronts against Hitlerism in increasing volume each day.

But these enemies also know that our American effort is not yet enough—and that unless we step up the total of our production and more greatly safeguard it on its journeys to the battlefields, these enemies will take heart in pushing their attack in old fields and new.

I give solemn warning to those who think that Hitler has been blocked and halted, that they are making a very dangerous assumption. When in any war your enemy seems to be making slower progress than he did the year before, that is the very moment to strike with redoubled force—to throw more energy into the job of defeating him—to end for all time the menace of world conquest and thereby end all talk or thought of any peace founded on a compromise with evil itself.

And we know that a free labor system is the very foundation of a functioning democracy. We know that one of the first acts of the Axis dictatorships has been to wipe out all the principles and standards which labor has been able to establish for its own preservation and advancement.

Trade unionism is a forbidden philosophy under these rule or ruin dictators. For trade unionism demands full freedom of expression and peaceful assembly. Trade unionism has helped to give every one who toils the position of dignity which is his due.

The present position of labor in the United States as an interdependent unit in the life of the nation has not come about by chance. It has been an evolutionary process of a healthy democracy at work.

Hitler has not worked that way. He will not—he cannot work that way. Just as he denies all rights to individuals, he must deny all rights to groups—of labor, of business, of learning, of the church. He has abolished trade unions as ruthlessly as he has persecuted religion.

No group of Americans has realized more clearly what Nazi domination of the world means than has organized labor—what it means to their standards of living, their freedom, their lives. No group has a greater stake in the defeat of Nazism, in the preservation of the fundamental freedoms, in the continuance of democracy throughout the world. We have already achieved much: it is imperative that we achieve infinitely more.

The singlemindedness and sacrifice with which we jointly dedicate ourselves to the production of the weapons of freedom will determine in no small part the length of the ordeal through which humanity must pass.

We cannot hesitate, we cannot equivocate in the great task before us. The defense of America's freedom must take precedence over every private aim and over every private interest. We are engaged on a grim and perilous task. Forces of insane violence have been let loose by Hitler upon this earth. We must do our full part in conquering them. For these forces may be unleashed on this nation as we go about our business of protecting the proper interests of our country.

The task of defeating Hitler may be long and arduous. There are a few appeasers and Nazi sympathizers who say it cannot be done. They even ask me to negotiate with Hitler—to pray for crumbs from his victorious table. They do, in fact, ask me to become the modern Benedict Arnold and betray all I hold dear—my devotion to our freedom—to our churches — to our country. This course I have rejected—I reject it again.

Instead, I know that I speak the conscience and determination of the American people when I say that we shall do everything in our power to crush Hitler and his Nazi forces.

American workers and American farmers, American business men and American churchmen—all of us together—have the great responsibility and the great privilege of laboring to build a democratic world on enduring foundations.

May it be said on some future Labor Day by some future President of the United States that we did our work faithfully and well.

Tungsten Is Placed Under Full Priority—Cadmium To Sell At 90c. Per Pound

"Metal and Mineral Markets" in its issue of Sept. 4 reported that both domestic and imported tungsten ore and concentrates were placed under full priority, under Preference Order M.-29, during the last week. Better control over prices is expected by this action. Leon Henderson announces major producers of cadmium are willing to continue selling cadmium at 90c. a pound for sticks. OPA definitely places Lake copper price on same Valley basis as electrolytic, and therefore allows Western deliveries to be sold at a premium. Consumers receive allocations for September copper from OPM. The publication further stated:

Copper

Sales of copper in the domestic market during the last week totaled 22,294 tons, against 13,62- tons in the previous week. Sales of domestic metal during August involved 85,763 tons, which compares with 99,912 tons for July. All of the business during the seven-day period was booked on the basis of 12c., Valley.

OPA on Aug. 28 amended Schedule No. 15 so that Lake copper, though held at a ceiling of 12c. Valley, may be sold at the same delivery differentials as electrolytic, and casting copper is now at 11.75c. f.o.b. refinery instead of Valley basis. OPA stated that Lake, before ceilings were set, sold at a small premium over electrolytic in the Valley and at a small discount in the Chicago area. Casting copper normally sold on a refinery basis.

Lead

Producers met yesterday (Sept. 3) in Washington with government representatives to consider allocations of foreign lead for September. Sales during the holiday week excluding metal released by Metals Reserve were small, totaling 3,731 tons, against 4,547 tons in the previous week. The quotation held at 5.85c., New York, which was also the contract settling basis of the American Smelting & Refining Company, and at 5.70c., St. Louis.

Zinc

Sales of common zinc for the week ended Aug. 30 amounted to 3,177 tons, with shipments in the same period of 7,334 tons. Unfilled orders of common zinc stand at 67,298 tons. The trade is awaiting clarification of the recent order from Washington to sell zinc to consumers with defense orders, whether or not preference rating is stated by the consumer. Prime Western zinc continued at 7¼c., St. Louis.

Cadmium

Leon Henderson announced Aug. 30 that major producers have indicated their willingness to continue to sell cadmium at prices not above 90c. a pound for sticks and 95c. a pound for anodes on direct sales to users, and to sell to dealers at discounts which will permit resales to consumers at not above 90c. and 95c., respectively, on the shapes named. Prices above these levels are held to be excessive and consumers have been requested not to pay what amounts to a premium. Cadmium users asked to pay excessive prices should report to OPM, Mr. Henderson said. Consumers unable to obtain cadmium at the prices indicated should communicate with OPA.

Tungsten

Tungsten ore or concentrate has been placed under full priority, it was announced during the last week. The order covers both domestic and imported ore or concentrate. By this action better control over prices is expected, trade authorities familiar with the situation hold. An allocation system has been set up to regulate distribution of ferrotungsten, tungsten metal, and various tungsten salts.

Tin

Nearby tin being unavailable made for a quiet market during the last week. Prices remained unchanged at the fixed ceiling of 52c. for Straits. Prices for futures were also 52c.

World production of tin (on ore basis) for July was estimated at 18,100 long tons, against 19,900 tons in the same month last year, according to the Tin Research Institute. Production in the first seven months of this year totaled 146,900 tons, against 125,100 tons in the Jan.-July period of 1940.

United States deliveries of tin for August amounted to 13,625 tons, which compares with 12,-575 tons in July and 12,470 tons in August last year.

Straits tin for future arrival was as follows:

	Sept.	Oct.	Nov.	Dec.
Aug. 28	52.000	52.000	52.000	52.000
Aug. 29	52.000	52.000	52.000	52.000
Aug. 30	52.000	52.000	52.000	52.000
Sept. 1	Holiday			
Sept. 2	52.000	52.000	52.000	52.000
Sept. 3	52.000	52.000	52.000	52.000

prime contracts or subcontracts carrying priority. Probably considerable delay in switching to defense work will result in dislocation of labor, at least temporarily.

A shift in demand for shapes and plates is evident as plant construction nears completion and production gets under way. The accent is shifting from building material to steel for fabrication in the new plants, a trend to be intensified in the future.

Outlook for pig iron for use outside defense work is dark, although possession of large stocks by some consumers has been revealed by reports to OPM and this may bring adjustment to relieve needs of other melters less happily situated.

Notice that ceiling prices on scrap will be enforced after today by application of full government powers is the outcome of a conference with suppliers and consumers last week. This results from widespread disregard of price schedules in the effort to obtain larger supplies in the present period of scarcity.

Exports of steel and iron products in June fell off for the fourteenth consecutive month. Excluding scrap, shipments totaled only 398,667 gross tons, compared with 617,181 tons a year ago. However, exports for first half, at 3,016,668 tons, is somewhat above 2,764,943 tons shipped in first half last year.

Production of automobiles continues at a high rate, 39 955 units being made last week, compared with 45.525 the preceding week and 27,645 the corresponding week last year.

Ingot production last week gained ½-point over the revised rate of the preceding week, to 96½%. Birmingham, Ala., showed an increase of 5 points to 95% and Wheeling 1 point to 93%. The remainder were unchanged; Chicago, 101½; Cincinnati, 88; St. Louis, 98; Eastern Pennsylvania, 95½; Buffalo, 93; Pittsburgh, 100; New England, 90; Detroit, 92; Cleveland, 93; Youngstown, 93.

Revision of steelmaking capacity figures by the American Iron and Steel Institute from 84,152,000 net tons, the base during first half, to 86,148,000 tons as of June 30, the base for second half, has had the effect of reducing the per cent of capacity operated about two points. Rates have been revised from the beginning of July to give effect to the new base.

Composites are unchanged, prices being frozen at OPACS levels. Finished steel composite is $56.60, iron and steel $38.15 and steelworks scrap $19.16.

Senate Committee Tax Bill Reported; Yield Estimates Vary

The Senate Finance Committee completed its action on the proposed tax bill on Aug. 29; the measure as it comes from its hands, and formally reported to the Senate on Sept. 2, will, it is estimated by the Treasury yield $3,672,400,000 in revenue through the proposed taxation to be imposed, while, according to Senator George, Chairman of the Senate Finance Committee, the yield would be approximately $4,500,000,000. As to this, Associated Press accounts from Washington on Sept. 2 said:

Senator George said that if his calculations of a $4,500,000,000 yield proved correct, Federal revenues would approach $15,000,000,000 next year.

Although several controversial items may develop considerable Senate debate, Senator George appeared optimistic that the revenue measure would be approved by next Saturday night (Sept. 6). He said that if the bill — carrying $456,400,000 more than the Treasury-estimated House total—were passed in substantially its present form there would be little difficulty in adjusting Senate changes when a joint conference committee considers the measure. Senator George said that he hoped the conference group, composed of members of the Senate and House taxing committees, could begin its work a week from today.

An item bearing on the Senate Committee's action on the bill appeared in our issue of Aug. 30 page 1208. Senate debate on the bill began yesterday (Sept. 3). It was opened by Senator George who asserted that all must demonstrate "grim patience and high patriotism" in bearing new tax burdens. The Associated Press indicating this likewise reported in part:

Telling the Senate that it was in the national interest that tax burdens on all groups of taxpayers should be increased, Senator George added that Congress still should not seek by taxation "to paralyze the driving force of individual effort and initiative."

* * *

Senator LaFollette said in his [minority] report that the pending bill was "inadequate, inequitable and in my opinion indefensible."

"The bill" he said "is a hodgepodge of inconsistencies, with no underlying principle of taxation whatsoever, except that like many previous tax bills it 'plucks the goose that squawks the least.' Unfortunately the small individual taxpayer who will dig deep into his pockets to pay these bills has not made himself heard."

He said that the "proposed patchwork" would not solve Federal fiscal problems. "It is my firm conviction," he added, "that the pending bill, which makes an intolerable tax structure infinitely worse, should be rejected and a thoroughgoing revision of the tax structure based upon the sound principle of ability to pay should be immediately undertaken."

On Aug. 30 it was reported that the Senate Committee, while generally approving the bill on Aug. 29, arranged to study its wording for possible technical corrections on Sept. 2. Under date of Sept. 2 Associated Press advices from Washington stated:

Senator LaFollette, a member of the [Senate] committee, told reporters that he would file a minority report criticizing the measure. Mr. George announced that Senator Clark, Democrat, of Missouri, reserved the right to file a minority report in opposition to the committee's decision to broaden the income tax base by lowering personal income deductions from $2,000 to $1,500 for married persons and from $800 to $750 for single individuals.

Senator Connally reserved the right to report in opposition to a committee amendment prohibiting husbands and wives in the so-called community property States from dividing income in an effort to lower their taxes.

Topping the list of Senate committee changes was an amendment to cut from $2,000 to $1,500 the income exemption for married persons and from $800 to $750 the exemption for single persons. The change would raise approximately $300,000,000 annually and would require 6,000,000 additional persons to file income tax returns.

Other controversial points were:

The provision eliminating the right of husbands and wives in the eight community property States—Louisiana, Texas, Arizona, New Mexico, California, Idaho, Washington and Nevada—to split incomes in filing their returns, a procedure which means lower taxes in many instances; and

The provision sharply increasing the excise levies on some manufactured articles.

Still another potential time consumer was the proposal by Senator Downey, Democrat, of California, to write into the tax measure a $30-a-month pension for persons over 60, starting in 1944. The committee refused to incorporated this in the bill, but Senator Downey threatens to raise it on the floor.

Senator Nye, (Republican) of North Dakota, declared on Sept. 1 that the bill was "just the beginning," United Press Washington accounts, authority for this, added:

Senator Nye said that he would offer an amendment to the bill to add a 15% "lend-lease tax." The tax would apply after the total income tax is computed. Revenue accruing from such a tax would be used to reduce lend-lease obligations.

From United Press advices from Washington, Aug. 29 we take the following:

The Committee today adopted a provision calling for a $1,000 fine for persons who claim in advertising that they absorbed taxes imposed by the bill instead of passing them on the consumer.

It also voted to exempt from the admissions tax civic concerts where no profit goes to stockholders. It previously had exempted agricultural fairs from the levy.

It also advanced from September 15 to October 15 the deadline for the budget bureau to furnish information on where Federal economies can be effected.

Individual income tax exemptions are lowered; surtaxes range from 6% on the first $2,000 of taxable income upward to 77% on taxable income over $5,000,000. The existing 4% normal tax rate is retained, and individuals still may claim the 10% earned income credit. The credit for dependents is left at $400 a year.

A special step to aid the millions of low-bracket income taxpayers was adoption of a plan whereby persons earning less than $3,000 a year may determine how much they owe from simple, standardized charts prepared by the treasury.

The special overall 10% defense tax provided under the 1941 revenue bill would be incorporated with the surtaxes.

Corporate income taxes—The special 10% tax would be merged with other taxes here, too. Tax rates for smaller corporations—whose earnings are less than $25,000 a year—would be increased slightly, with the rates starting at 14% on the first $5,000 of income. Larger corporations will pay the same 24% normal tax. A new corporate surtax of six per cent on less than $25,000 income and seven per cent on larger income is provided.

Excess profits tax—Despite treasury opposition to the average earnings method of computing excess profits taxes, it is retained.

Excess profit tax rates would be boosted by 10 percentage points all along the line—i. e., the tax would be 35% on the first $20,000 of income subject to the excess profits tax instead of 25% as now provided, and on up.

Estate and gift taxes—The existing $40,000 exemption is continued but rates are increased slightly. They now start at 2% but under the bill would start at 3%.

Excise taxes—Numerous excise or "nuisance" taxes are made permanent others are increased and new ones are added. Automobiles will be subject to a 7% tax instead of the present 3½%, and motorists also will pay an annual $5 "use tax" as will motorboat owners. Admission taxes are raised slightly.

The adoption of the bill by the House was noted in these columns Aug. 9, page 769.

Says Bidding Rule Fosters Free Enterprise

(Continued from Page 24)

issued pursuant to Rule U-50," Mr. Healy declared, "an officer of one of the large underwriters testified that:

"* * * On business where we in the past have headed a group on a negotiated basis, we are going to form a group to bid, and we are going to start to form that group by approaching those who were associated with us on the negotiated basis.'

"It is to be expected that this policy will generally be followed in the industry. It appears further to be the inclination on the major members of such traditional groups to accept the invitations so proffered, provided they receive satisfactory participations. Other bankers expressed the view that, other things being equal, they would prefer to accept 'the invitation of that group which was led by the bankers who had been the historical bankers * * * for the reason that * * * they would know more about the situation.'

"At the present time, therefore, the traditional banker has some advantage over others in organizing a group to bid competitively. This is so not only because of the tendency of the larger participants to adhere to the historical group, and the inclination of others to join in the group headed by the 'informed' banker, but also because the traditional banker is likely to know of the intended issue somewhat sooner than others and can therefore start forming his group before others can decide what course to take. It is not unlikely, however, that as time passes these advantages will tend to disappear as the ties between issuers and their traditional bankers are broken by

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Daily Average Crude Oil Production for Week Ended Aug. 30, 1941, Continues Higher

The American Petroleum Institute estimates that the daily average crude oil production for the week ended Aug. 30, 1941, was 4,004,700 barrels. This was a new high mark (the third one in three consecutive weeks) and a gain of 29,250 barrels from the output of the preceding week (the previous all-time high record.)

The current week's figures were above the 3,940,000 barrels calculated by the U. S. Department of the Interior to be the total of restrictions imposed by the various oil-producing States during August. Daily average production for the four weeks ended Aug. 30, 1941, is estimated at 3,961,350 barrels. The daily average output for the week ended Aug. 31, 1940, totaled 3,501,350 barrels. Further details as reported by the Institute follows:

Imports of petroleum for domestic use and receipts in bond at principal United States ports, for the week ended Aug. 30, totaled 1,450,000 barrels, a daily average of 207,143 barrels, compared with a daily average of 244,714 barrels for the week ended August 23, and 221,429 barrels daily for the four weeks ended Aug. 30. These figures include all oil imported, whether bonded or for domestic use, but it is impossible to make the separation in weekly statistics.

Receipts of California Oil at Atlantic Coast ports during the week ended Aug. 30, totaled 138,000 barrels, a daily average of 19,714 barrels, all of which was Gasoline, 74,000 barrels having been received at New York and 64,000 barrels at Philadelphia.

Reports received from refining companies owning 86.3% of the 4,538,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 4,070,000 barrels of crude oil daily during the week, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of the week, 81,672,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 13,292,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	† B. of M. Calculated Requirements (August)	State Allowables	Actual Production: Week Ended Aug. 30 1941	Change from Previous Week	4 Weeks Ended Aug. 30 1941	Week Ended Aug. 31 1940
Oklahoma	492,400	415,000	‡427,650	+ 250	421,800	420,550
Kansas	240,800	242,800	‡254,300	— 250	246,200	176,900
Nebraska	4,400	------	‡7,350	------	6,300	150
Panhandle Texas			80,300	+ 5,300	78,050	65,000
North Texas			100,600	+ 200	100,400	95,250
West Central Texas			30,700	+ 50	30,750	28,950
West Texas			274,350	+ 1,200	272,900	195,900
East Central Texas			84,950	+ 300	84,200	72,100
East Texas			369,550	— 50	369,750	374,900
Southwest Texas			219,200	+ 450	218,800	183,350
Coastal Texas			289,650	+ 400	288,300	189,500
Total Texas	1,361,000	§1,404,665	1,449,300	+ 7,900	1,444,050	1,205,050
North Louisiana			79,900	+ 1,600	77,550	64,600
Coastal Louisiana			254,000	+ 5,000	249,050	210,300
Total Louisiana	324,500	325,081	333,900	+ 6,600	326,600	274,900
Arkansas	80,700	74,428	74,650	+ 300	74,200	73,750
Mississippi	25,200		‡50,600	+ 2,600	49,000	21,800
Illinois	390,100		391,100	+ 5,500	374,800	377,800
Indiana	22,100		‡20,250	— 750	20,050	18,450
Eastern (not incl. Ill. & Ind.)	98,900		95,150	+ 4,350	91,100	88,850
Michigan	38,000		47,250	+ 5,250	43,500	53,350
Wyoming	85,000		84,750	+ 1,550	83,600	72,150
Montana	20,000		20,350	+ 50	20,350	17,450
Colorado	4,400		3,900	------	3,900	3,500
New Mexico	112,900	112,900	113,800	+ 100	111,750	100,700
Total East of Calif.	3,299,000		3,374,300	+33,450	3,317,700	2,905,350
California	641,000	¶610,000	630,400	— 4,200	643,650	596,000
Total United States	3,940,000		4,004,700	+29,250	3,961,350	3,501,350

† These are Bureau of Mines' calculations of the requirements of domestic crude oil based upon certain premises outlined in its detailed forecast for the month of August. As requirements may be supplied either from stocks, or from new production, contemplated withdrawals from crude oil inventories must be deducted from the Bureau's estimated requirements to determine the amount of new crude oil to be produced.

‡ Okla., Kans., Neb., Miss. and Ind. figures are for week ended 7 a. m. August 27th.

§ This is the net basic 31-day allowable as of August 1st but experience indicates that it will increase as new wells are completed, and if any upward revisions are made, Panhandle shutdown days are August 3, 10, 17, 24 and 31st; with a few exceptions, the rest of the state was ordered shut down on August 2, 3, 9, 10, 16, 17, 23, 24, 30 and 31st.

¶ Recommendation of Conservation Committee of California Oil Producers.

NOTE:—The figures indicated above do not include any estimate of any oil which might have been surreptitiously produced.

CRUDE RUNS TO STILLS, PRODUCTION OF GASOLINE AND STOCKS OF FINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED AUG. 30, 1941

(Figures in Thousands of Barrels of 42 Gallons Each)

District	Daily Refining Capacity: Potential Rate	Daily Refining Capacity: P. C. Reporting	Crude Runs to Stills: Daily Aver.	Crude Runs to Stills: P. C. Operated	Gasoline Produc'n at Refineries Incl. Natural Blended	Stocks Finished & Unfinished Gasoline	*Stocks of Gas Oil and Distillates	*Stocks of Residual Fuel Oil	¶¶Stocks Aviation Gasoline
East Coast	673	100.0	644	95.7	1,654	20,261	15,266	9,127	E. Coast
Appalachian	166	83.8	133	95.7	437	3,070	533	634	703
Ind., Ill., Ky.	[illegible]	84.4	637	100.3	2,497	14,438	5,207	4,262	
Okla., Kans., Mo.	413	80.7	309	92.8	1,242	6,672	1,951	2,057	Interior
Inland Texas	[illegible]	[illegible]	[illegible]	92.2	[illegible]	2,243	442	1,320	1,325
Texas Gulf	1,097	91.0	963	96.4	3,099	11,148	6,413	8,107	G. C'st.
Louisiana Gulf	156	94.2	155	104.7	337	3,128	1,539	1,765	3,142
No. La. & Arkansas	95	49.9	51	108.5	158	378	330	411	
Rocky Mountain	136	50.1	55	80.9	252	1,050	127	427	Calif.
California	787	90.9	616	86.2	1,623	13,734	12,443	65,472	1,733
Reported		86.4	3,716	94.7	11,932	76,122	44,251	93,552	6,903
Est. Unreported			354		1,330	5,550	1,100	1,500	365
†Est. tot. U. S. Aug. 30, 1941	4,538		4,070		13,292	‡81,672	45,351	95,052	7,268
Aug. 23, 1941	4,538		3,975		13,220	82,566	44,282	94,308	7,192
U. S. B. of M. †Aug. 30, 1940			§3,508		¶11,468	84,047	44,678	107,155	5,760

†Estimated Bureau of Mines basis. *At refineries, bulk terminals, in transit and in pipe lines. ¶¶Included in finished and unfinished gasoline total. §Aug., 1940, daily average. ¶This is a week's production based on the U. S. Bureau of Mines daily average. ‡Finished, 73,746,000 bbl.; unfinished, 7,926,000 bbl.

The Speech That Was Not Made

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in Hitler's domain, if the assumption is made that such things can be measured simply in hours worked per week, wages received and the like. To shout to high heaven that should Der Fuehrer conquer and enslave this country he would abolish forty-hour weeks and do a good many other things which would not please the wage earner here, is, after all, rather flimsy and cheap pseudo oratory. It is cheap to add that precisely this is the intention of that former house painter. Such assertions can neither be proved or disproved—never mind what Mein Kampf may have to say on the subject or what the opinions of war-minded gentlemen formerly residing in Germany. To add that he may well succeed in such designs if we do not make more strenuous efforts than we have been making places too great a strain upon credulity no matter how the story is told.

But all this leaves the real story wholly untold. One would suppose from all the Labor Day oratory that we have found a solution of what is often termed the labor problem, that we had been able to banish from this country all those evils that Nazism claims to have eliminated from their domains. Nothing, however, could be further from the truth. If the cold truth be told, we are about as far from having remedied the situation as has Hitler or Mussolini, or, for that matter, Stalin. Indeed it is conceivable that we are further from that goal than is Germany at least. Both are far enough, however, in any event. It would be going too far, perhaps, to say that Fascism and Bolshevism both represent an effort to find a solution of the labor problem, and that Nazism, while embodying other goals, particularly objectives inspired by the Treaty of Versailles, likewise in substantial part is likewise one answer, if not a convincing one, to the labor problem, but such an assertion would not be very wide of the mark. We do not like such solutions, and we are of course well warranted in not liking them, but have we made any very substantial progress in the matter ourselves?

Historical Perspective

This whole subject will be best understood if considered in its historical perspective. What is known as the problem of labor relations emerges from the dim reaches of history, from the time when the world was composed of master and slaves, passes through those eras when property was owned not by him who created it or even inherited from those who created it so much as from those who seized by violence. Slaves became serfs, then free men, but largely without property and without much voice in the management of public affairs. Customs, laws, traditions and the inertia of the masses made exploitation possible, and it was perhaps the rule rather than the exception. Slowly these masses liberated themselves politically speaking, and in more than a single instance have taken the reigns of government in their own hands. By organized effort they have attained a somewhat more "independent" position economically; they have acquired "the dignity to which they are entitled." But have they acquired a relatively more independent and secure existence, economically speaking? The question is certainly an open one, except so far as avoidance of exploitation is concerned. Such improvement of their economic status as has occurred certainly could never have been achieved had it not been for the work of those who employ them, accomplishments almost wholly independent of the wage earner, one might say with substantial truth, in spite of him. Such is the status today whether one turns his eyes to the United States of America or elsewhere.

The menace of Bolshevism, Fascism or of Nazism to the wage earner in other countries, this one included, is not in the danger that the armed forces of these distant lands are likely presently to land upon our shore and oblige the worker, along with the rest of us, to accept him as lord and master. It lies rather in the fact that it is to such plausibly presented solutions that unthinking and frail human beings turn in despair when they have made a mess of managing their own affairs, and we here in the United States have shown in recent years a most lamentable weakness to act precisely as other people in other countries have acted in the past in this respect. In Russia long years, even centuries of tyranny, exploitation, inefficiency, and persecution finally resulted not only in rebellion of the persecuted and the exploited, but in seizure by the victims of the reigns of government and acceptance by them of responsibility to set the country in order—a responsibility, incidentally, which not all those who complain have been willing to assume. Compared with the chaos of 1917 or 1918 conditions in Russia are doubtless greatly improved, and the achievements of the nation since attacked by the German legions strongly suggests greater accomplishments prior to that time than had been commonly supposed to exist, but no one is likely to suppose that a new heaven and a new earth have come into existence under Lenin and Stalin. The average American workman would still have found it in early 1941 a most "backward" country.

In Italy and Germany "democracy" failed, failed not so much politically, and certainly not by reason of any neglect of social reform and or labor legislation, but failed by reason of the fact that these nations were unable under the newer regime to do their share of the work of the world. The result has been first Fascism and then Nazism. The latter has found a way to get things done, but, of course, has made several serious blunders. One of them is found in its perverted delight in turning the energies of its people to the production of instruments of destruction and to the employment of them for that purpose. Another almost as fatal error consists of the fact that in achieving production it has for the time being at least crushed the human spirit and sacrificed much that the human being will not very long do without, and thus has built its magnificent house upon the sands. In France those who had been exploited, or thought they had, took so much pains to exhibit their dignity and to be certain that they were no longer exploited that the country became economically and in a military sense helpless. The plane of living suffered, and when the test came the alleged exploiter and the allegedly exploited both fell victims to Nazi efficiency and production. England, always flexible and easy going, yielded to labor's demands again and again, found itself sliding deeper and deeper into the economic quagmire, and when the crisis came, discovered that it not only had not been producing but had very nearly lost the art of doing so.

In This Country, Too

Here in the United States we have had similar influences at work, strongly at work since 1932. We have been so much engaged in seeing to it that what was produced was distributed more to the liking of the masses, so much engrossed in efforts to make certain that there would be no exploitation, so enamored of various panaceas from which millenniums are promised that only the utmost ingenuity and energy of industrial managers and of applied science has saved us from economic chaos—and it is by no means clear that all this can very much longer save us. An indefinite continuation of present policies in these matters can have only one result regardless of war or rumors of war. That result is a progressive worsening of our economic status until presently we shall in desperation do much what other countries have done, select a dictator to solve problems which have manifestly been too much for us—unless meanwhile somehow we come to our collective senses and place at least as much emphasis, not in our governmental affairs or through governmental agencies, but in our daily lives, upon continuous, efficient production of the good things of life as upon their division among the various groups after they are produced, and more emphasis upon good, hard painstaking work than upon avoidance of it.

There always has been, there is now, and there always will be so long as private enterprise continues, a legitimate field of competition between those who undertake business ventures and those employed in their execution. It, of course, concerns the division of the products of the joint endeavor. There is and there can be no complaint about the fact. It may likewise be conceded that as over against the modern, large corporation the individual, alone and unassociated with his fellow workers is at a disadvantage. The stubborn fact, however, remains that both entrepreneur and employe are dependent for their economic welfare upon the effectiveness and the efficiency of the production process and the plain fact remains that labor unions, in this country at all events, have never been willing to give more than lip service at most to this essential fact. Indeed it is much more often that they formally or informally, with plain intent or otherwise, act to limit the effectiveness and the efficiency with which goods are created for their own and their employers use. So long as organized labor takes the formal position that production is the responsibility of management, and the informal and often denied (but actual nonetheless) attitude that management must solve production problems not only without its aid but despite its restrictions and hindrances, economic progress must be severely limited no matter how much the record may show of "benefits" achieved by the labor leaders for their followers.

What is much more serious is the fact that at the instigation and under the guidance of professional reformers and cunning politicians, labor is moving steadily toward something approaching union monopoly of work in this country. Heretofore, large elements of unorganized workers in most industries tended definitely to hold the unions in check. The time now appears to be approaching when he who un-

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Says Bidding Rule Fosters Free Enterprise

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the force of competitive bidding.

"The syndicates that were organized to bid on the first three issues offered under Rule U-50 were quite large. The three syndicates that bid on the securities of New York State Electric and Gas Corp. consisted of 44, 50 and 81 members, respectively. Similarly, the two syndicates which bid on the Philadelphia Company securities had 31 and 91 members, respectively. Despite this experience several bankers expressed the view that as time goes on the groups will tend to be smaller in size on account of the tendency of bankers to demand larger participations in competitive syndicates than they were accustomed to receive in negotiated underwritings in order to make up for those issues lost.

"It is the view of others, however, that, while there may be a tendency to the formation of smaller groups, there is a reasonable probability that the pressures will be such that the bidders for each issue will include at least one large group composed of bankers who were excluded from the other syndicates."

Robert H. O'Brien, new Director of the Public Utilities Division of the SEC also addressed the St. Paul convention, discussing the progress in the simplification of holding company systems. Basil Manly, a member of the Federal Power Commission, was a speaker at the Aug. 26 session of the National Association of Railroad and Utilities Commissioners. From St. Paul special advices to the New York "Times" reported him as saying that increased profits of public utilities resulting from capacity production during the national emergency should be used as a "rainy day" stake by being added to inadequate depreciation reserves.

He also told the Commissioners that in his opinion the executives of American utilities did not "desire or expect" to earn excess profits from meeting the demands for power arising out of the national defense program.

He added, according to the "Times" advices:

"With rare exceptions they have cooperated wholeheartedly with the government in meeting defense demands and in those cases where efforts may be made to convert the nation's power requirements into additional dollars of excess profits, the regulatory processes of the State and Federal Commission should be, and will be, exerted effectively to restrain them."

In the St. Paul "Pioneer Press" it was stated that the delegates adopted a resolution opposing a proposal empowering the Interstate Commerce commission to prescribe sizes and weights of trucks operating in interstate commerce.

Another resolution adopted empowers the President of the association to appoint a committee to investigate conditions faced by public utilities as a result of the defense program.

J. D. James, Missouri public utilities Commissioner, was elected President of the National Association of Railroad and Public Securities Commissioners and Col. Frank W. Matson of St. Paul, Chairman of the Minnesota Railroad and Warehouse Commission, was elected first Vice-President of the Association; other officers elected were Wade O. Martin, chairman of the Louisiana Public Service commission, second vice president; Ben Smart, Washington, D. C., reelected Secretary; and John C. Benton, also of Washington, General Solicitor.

York City, ceased as of August

Statistics For Crude Petroleum And Refined Petroleum Products During Month of June 1941

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about 40% ahead of last year but stocks are also nearly that much higher.

According to the Bureau of Labor Statistics, the price index for petroleum products in June 1941 was 59.9, compared with 55.3 in May 1941, and 50.0 in June 1940.

The crude-oil capacity represented by data in this report was 4,392,000 barrels, hence the operating ratio was 88%, compared with 88% in May and 84% in June 1940.

SUPPLY AND DEMAND OF ALL OILS
(Thousands of barrels)

New Supply—	June 1941	May a 1941	June 1940	January—June 1941	January—June 1940
Domestic production:					
Crude petroleum	115,027	116,976	111,690	667,338	687,901
Daily average	3,834	3,773	3,723	3,687	3,780
Natural gasoline	5,095	5,181	4,401	29,621	26,341
Benzol b	274	288	263	1,749	1,478
Total production	120,396	122,445	116,354	698,708	715,720
Daily average	4,013	3,950	3,878	3,860	3,933
Imports c:					
Crude petroleum: For domestic use	4,332	3,866	3,488	21,800	17,352
In bond	----	----	200	214	790
Refined products: For domestic use	1,850	1,500	2,056	14,193	12,400
In bond	744	1,683	942	7,167	8,116
Total new supply, all oils	127,322	129,494	123,040	742,082	754,378
Daily average	4,244	4,177	4,101	4,100	4,145
Decrease in stocks, all oils	3,125	1,134	d2,416	11,456	d41,440
Demand—					
Total demand	130,447	130,628	120,624	753,538	712,938
Daily average	4,348	4,214	4,021	4,163	3,917
Exports c:					
Crude petroleum	3,934	4,339	5,692	15,793	26,415
Refined products	5,217	5,473	8,516	30,458	43,716
Domestic demand:					
Motor fuel	58,413	59,325	55,453	308,834	278,622
Kerosene	3,918	4,501	3,952	35,042	35,048
Distillate fuel oil	10,842	11,074	7,028	92,626	84,887
Residual fuel oil	29,200	30,372	25,048	188,014	169,057
Lubricating oil	3,171	2,732	2,146	15,043	11,806
Wax	166	144	78	866	525
Coke	580	597	509	3,751	3,347
Asphalt	4,105	3,011	3,137	13,176	10,369
Road oil	1,356	770	1,275	2,573	2,387
Still gas	6,759	7,059	6,418	36,821	35,837
Miscellaneous	299	419	207	1,696	900
Losses	2,487	812	1,159	8,845	10,022
Total domestic demand	121,296	120,816	106,416	707,287	642,807
Daily average	4,043	3,8[illegible]7	3,547	3,908	3,532
Stocks—					
Crude petroleum:					
Refinable in U. S.	259,075	262,111	261,971	259,075	261,971
Heavy in California	10,711	11,241	13,334	10,711	13,334
Natural gasoline	6,235	5,856	7,000	6,235	7,000
Refined products	276,477	276,415	283,905	276,477	283,905
Total, all oils	552,498	555,623	566,210	552,498	566,[illegible]
Days' supply	127	132	141	133	145

a Revised. b From Coal Economics Division. c Imports of crude as reported to Bureau of Mines; all other imports and exports from Bureau of the Census. d Increase.

PRODUCTION OF CRUDE PETROLEUM BY STATES AND PRINCIPAL FIELDS
(Thousands of barrels)

	June 1941 Total	June 1941 Daily av.	May 1941 Daily av.	June 1940	January—June 1941	January—June 1940
Arkansas	2,163	72.1	72.1	2,119	12,846	12,664
California—Kettleman Hills	1,152	38.4	38.5	1,407	7,020	8,717
Long Beach	1,239	41.3	41.5	1,323	7,563	8,128
Wilmington	2,491	83.0	82.5	2,534	14,895	15,135
Rest of State	14,286	476.2	460.7	13,260	82,371	79,241
Total California	19,168	638.9	623.2	18,524	111,849	111,221
Colorado	153	5.1	4.9	121	781	636
Illinois	10,405	346.8	338.7	15,194	60,954	78,745
Indiana	530	17.7	17.6	347	3,376	1,732
Kansas	6,908	230.3	210.2	5,343	37,612	31,323
Kentucky	[illegible]	12.8	13.0	419	2,420	2,550
Louisiana—Gulf Coast	7,578	252.6	246.0	6,629	42,735	39,691
Rodessa	434	14.5	14.6	568	2,746	3,681
Rest of State	1,684	56.1	53.9	1,462	9,844	8,721
Total Louisiana	9,696	323.2	314.5	8,659	55,325	52,023
Michigan	1,169	38.9	36.8	1,614	6,964	11,057
Mississippi	853	28.6	29.1	317	4,240	1,341
Montana	617	20.6	19.7	613	3,575	3,348
New Mexico	3,272	109.1	108.7	3,094	19,127	20,121
New York	422	14.1	14.0	402	2,499	2,611
Ohio	284	9.5	9.2	260	1,616	1,501
Oklahoma—Oklahoma City	2,809	93.6	92.3	3,199	17,144	19,216
Seminole	3,178	105.9	103.0	3,358	18,664	21,402
Rest of State	6,664	222.2	220.3	6,195	40,067	38,182
Total Oklahoma	12,651	421.7	415.6	12,752	75,875	78,800
Pennsylvania	1,345	44.8	45.4	1,335	8,117	9,059
Texas—Gulf Coast	11,388	379.6	377.5	9,914	64,107	65,411
West Texas	7,715	257.2	254.4	6,583	42,866	44,314
East Texas	10,924	364.1	367.9	10,549	65,741	72,088
Panhandle	2,302	76.8	75.9	1,766	13,026	13,375
Rodessa	400	13.3	13.5	518	2,595	3,820
Rest of State	9,381	312.7	311.1	8,848	54,885	56,349
Total Texas	42,110	1,403.7	1,400.3	38,178	243,220	255,357
West Virginia	280	9.3	9.4	276	1,681	1,707
Wyoming—Lance Creek	799	26.6	27.2	776	4,768	4,349
Salt Creek	427	14.2	14.0	416	2,559	2,600
Rest of State	1,246	41.6	45.4	918	7,261	5,035
Total Wyoming	2,472	82.4	86.6	2,110	14,588	11,984
Other a	139	4.6	4.4	13	673	51
Total United States	115,027	3,834.2	3,773.4	111,690	667,338	687,901

a Includes Missouri (4), Nebraska (134), Tennessee (1), and Utah (—) in June 1941.

Uninterrupted Production Of Defense Weapons Is Demanded By President In Statement

President Roosevelt, in a Labor Day statement made public at the White House on Aug. 30, asserted that labor and management "realize now and I am sure will continue to realize that there must be full and uninterrupted production" of the weapons and materials needed for national defense and for the nations resisting aggression. Pointing out that Labor Day this year "should serve to make crystal clear to all Americans and to all the world the blessings of a democracy and to emphasize its freedoms", the President urged that we "thank God today for these blessings and freedoms and for the great economic and social gains we have made in the last eight years". He also called for a new resolve that "as a united and determined people we shall defend our democracy to the utmost, with no labor and no sacrifice too great, so that liberty and the heritages we hold dear shall thrive and spread for the good of the peoples of the earth."

The text of President Roosevelt's message was as follows:

We are called upon to observe Labor Day of 1941 in a more thoughtful and serious spirit than in all of the 54-year history of the holiday established in recognition of the nation's wage-earners and their work in helping to build our country into a great democracy. The labor and sacrifice of generations of Americans have been freely given that we might keep alight the altar of democracy for all who cherish liberty and happiness and believe in freedom of worship, freedom of speech and freedom of the press.

Today we in America are faced with the great task of preserving that democracy and we, too, will offer our utmost in labor and sacrifice just as our fathers and our fathers' fathers did. Every one of us will unselfishly and unstintingly dedicate himself and herself to that cause in full measure of devotion. It is particularly fitting that we take such an occasion as Labor Day to rededicate ourselves to the task that lies ahead.

In its successful completion—and you and I know it will be successfully completed in keeping with our American heritage—we all have a part to play. Labor and management have shown and will continue to show their willingness and eagerness to serve our nation fully in the demands made upon them for the protection of the Americas and the needs of those nations whose way of life is our way of life.

They realize now and, I am sure, will continue to realize that there must be full and uninterrupted production of the weapons and materials needed for our protection and needed also by the nations engaged in opposing those who would do away with the liberty and happiness of free peoples all over the world.

This Labor Day of 1941 should serve to make crystal clear to all Americans and to all the world the blessings of a democracy and to emphasize its freedoms. Only in a democracy could there be such a day set aside to do honor to millions of workers—free men and free women in a free country. Only in a democracy could workers and their fellow-countrymen spend the day in free worship, enjoying the right to speak their minds, to read uncensored news and to hear uncensored radio programs.

Let us here in America thank God today for these blessings and freedoms and for the great economic and social gains we have made in the last eight years. And let us on this Labor Day of 1941 make anew the high resolve that not as workers alone, not as employers alone, not as farmers alone, but as a united and determined people we shall defend our democracy to the utmost, with no labor and no sacrifice too great, so that liberty and the heritages we hold dear shall thrive and spread for the good of the peoples of the earth.

July Cash Farm Income Well Above Year Ago Skyrocketing Over Preceding Months' Total

Cash income from farm marketings and Government payments in July totaled $902,000,000, $194,000,000 (27%) more than in July last year, and $104,000,000 more than the revised estimate of $798,000,000 for June 1941, the Bureau of Agricultural Economics, U. S. Department of Agriculture, reported on August 26. In its details of the situation, the Bureau says:

Returns both from crops and from livestock and livestock products in July this year were sharply higher than a year earlier, even though a much smaller than usual proportion of the wheat crop was sold or placed under loan. The increase in returns from crops resulted largely from increased marketings of corn, fruits, and vegetables and the redemption of cotton formerly placed under loan, whereas returns from all groups of livestock and livestock products were sharply higher than a year earlier. Government payments in July amounted to only $15,000,000 compared with $35,000,000 in July last year and $25,000,000 in June.

For the first 7 months of 1941 cash income from farm marketings and Government payments totaled $5,242,000,000 compared with $4,532,000,000 in the corresponding period of last year. Income from marketings of $4,899,000,000 was $812,000,000 (20%) higher than in the corresponding period of 1940, but Government payments so far in 1941 have totaled only $343,000,000 compared with $445,000,000 a year earlier. The greatest increases in income from marketings have been in the returns from cotton and cottonseed, meat animals, dairy products, and poultry, but returns from all groups of commodities except grains and tobacco have totaled larger than a year earlier.

The increase in income from June to July was slightly larger than usual. After adjustment for the seasonal variation in income from the different products, income in July was 99.0% of the 1924-29 average compared with 96.0 in June and 71.0 in July last year. Although marketings of grains were restricted somewhat in July by the small movement of wheat, the increase in income from grains from June to July was greater than usual. Income from fruits and meat animals also increased more than usual from June to July whereas the change in income from most of the other groups was about normal for this period of the year.

During August large quantities of wheat have been placed under loan, and the movement of other crops to market has made about the usual seasonal increase. Prices received by farmers apparently increased from mid-July to mid-August. Higher prices and a normal movement of farm products to market probably will result in an increase in income of more than the usual seasonal amount from July to August. Changes in prospective supplies and prices for the principal farm products since mid-June, when it was estimated that total cash farm income from farm marketings for 1941 would amount to about $10,000,000,000, have been about as expected and the present estimate of cash income from farm marketings for the present calendar year is unchanged from that made in June.

Government payments are expected to increase substantially in the next few months, and for the rest of this calendar year probably will equal or exceed slightly those of the same period in 1940.

The Speech That Was Not Made

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dertakes an economic venture must accept union dictated terms or remain inactive. If the unions are already exhibiting the infirmities now commonly observed, what will their attitude be when they no longer have to trouble themselves about unorganized groups of workers? The time has evidently come when these organizations, which without question could be a powerful factor for economic advancement, gave careful reconsideration to their policies, and came to a decision to take upon themselves their due share of the responsibility for the advancement of production.

It is often said by apologists that what we are now experiencing are the "growing pains" of the "labor movement," that when labor unionism comes of age it will exhibit a wholly different set of qualities. "'Tis a consummation devoutly to be wished," but a glance at the older or more "aristocratic" elements, such, for example, as the railroad brotherhoods which have been mature for many years, and incidentally enjoy a complete monopoly, scarcely prompts a feeling of great assurance on the point. Germany has for the time being at least solved this problem of productivity of labor. We do not for a moment believe it to be a desirable one, or in the least likely to be an enduring one, but candor compels the statement that we in this country, so far from having found a solution, have not even seriously tried to find one. Indeed we seem to be moving in the opposite direction. It must be solved satisfactorily, or we shall sooner or later find our cherished institutions in much more deadly danger than they are in now—or else ourselves doomed to economic decay, or, perhaps, both, quite regardless of any aggressive intentions in our direction which may be entertained by Hitler.

But nothing of all this was heard in any Labor Day address of which we can find a record.

MOBILIZING FOR ECONOMY

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these departments spent another $94,000,000 for so-called defense purposes that was not charged to their regular budgets. And every voter should understand too that these outlays have risen because Congress itself has been spending more on investigations, on beautifying the Capitol grounds, etc., and because such reform agencies as the SEC, the Federal Communications Commission, the Anti-trust division of the Department of Justice, and others, were adding lawyers and professors to their staffs which had long since been swollen to record proportions.

Turning from the regular departments, voters and taxpayers should be told that expenditures for purposes dear to the heart of all politicians and especially to Congressmen, have continued to mount despite the arms crisis. Disbursements of the Veterans Administration, for pensions and other purposes, in the first two months of the new fiscal year footed up to $91,493,000, slightly above last year's peak totals, and the distributions handed out by the Social Security Board, for pensions, and various other aids, rose to $96,000,000, almost 10 per cent more than in the preceding fiscal year.

The expenditures for pensions have mounted steadily, of course, because the law's benefactions naturally become available to increasing numbers of the population as it ages, and in addition Congress, and the legislatures of the 48 states have "liberalized" the original pension statutes to increase the number of recipients and the amounts each receives. But despite the skyrocketing trend of the Social Security Board's outlays, many Congressmen are still bitterly dissatisfied. A Senate Committee headed by that eminent Townsendite, Senator Downey of California, has just come out with the bald-faced proposal that every individual in the nation over 60 should receive a minimum pension of $30 a month if they are not gainfully employed whether or not they are in need.

This committee itself estimates that its plan would saddle upon the Federal Treasury a cost of $3,000,000,000 to $4,000,000,000 a year, yet of the committee of seven, only one, Senator Green of Rhode Island, dissented from the brazen proposal. Naturally no justification can be advanced for the Downey scheme in view of the fact that the United States already makes the most generous provision for its aged of any nation in the world and in consideration of the need for slowing down the rapidly rising burden upon the Federal Treasury of the existing program. Nevertheless, it is all too clear that unless taxpayers mobilize effectively and quickly, they will not only be unable to slow up the rising trend of pension costs, but will actually be forced to carry heavier burdens to satisfy the Townsendites' demands, which are being pressed regardless of the danger that they might bankrupt the nation or interfere with its armament effort.

But there are other soaring Federal expenditures, which are even more difficult to justify than the rising pension costs and certainly the gigantic farm relief budget is outstanding. During the past year, Federal purchasing and price-pegging loan programs have driven the index of farm products prices some 32 per cent higher, at a time when other commodities were advancing by less than half as much. This huge jump has given the nation's producers their long-sought goal of price parity and will provide them with a farm cash income of $10,000,000,000 this year, twenty per cent more than in 1940 and about the same or perhaps more than in 1929.

In the face of all this prosperity have the emergency relief disbursements for farmers been curtailed materially? While it's a bit difficult for any but the most expert accountants to determine the exact course of expenditures of the dozen or more emergency agricultural agencies a casual inspection of the Treasury reports indicates that agricultural relief outlays during the first two months of the new fiscal year amounted to about $120,000,000, slightly below the $140,000,000 for the same period in 1940. Now in view of growers' prosperity and the huge cost saddled upon consumers by the boost in farm prices, it would appear that taxpayers have the right to ask for a genuinely sharp reduction in outlays for farm relief. However, as was the case with pensions, unless taxpayers mobilize, they may have to absorb higher farm costs. Wholly unsatisfied with the terrific boost in farm prices the voracious farm bloc recently attempted to jam through a law further increasing quotations by requiring that all government stocks be kept off the market for the duration of the emergency, regardless of how high prices rose. Fortunately, President Roosevelt vetoed this outrageous grab. This step serves to remind taxpayers also that the current budget by no means reflects the total actual cost of the farm programs. Current high wheat and cotton prices are possible only because all-time record surpluses are being kept off the market under government loan. Some day, however, these stocks must be liquidated, perhaps at a price that would add many millions of costs to the current expenditures for growers handouts and loans.

While the pension and farm costs are outstanding, particularly since Congressional blocs in each case are constantly pushing for further increases rather than reductions, there are numerous other examples of unjustifiable Federal expenditures. With industrial employment now well above 39,000,000, and several millions greater than in 1929, there can simply be no justification for WPA disbursements running at a $90,000,000-a-month clip, as they have been in the past two months. With the current acute shortage of steel and building labor, taxpayers certainly are entitled to challenge Federal outlays for reclamation projects, which in the first two months of the new fiscal year were almost 20 per cent higher than in 1940, and for the same reasons they have the right to ask why expenditures for road and highways should continue to increase despite the emergency.

President Roosevelt has endorsed the Byrd economy move, and has even set an example by vetoing a highway pork barrel bill (which Congress passed over the veto) as well as his veto of the farm bloc's grab. True, in view of the New Deal's responsibility for the state of Federal finances, Mr. Roosevelt rather than Senator Byrd should have taken the leadership in the move, perhaps by pointing out just which sections of the budget could be cut.

Nevertheless, the fact that the number one New Dealer has endorsed economy, combined with the proposed bringing of new millions into the ranks of taxpayers, and the national emergency make this a most propitious time for starting an economy drive. The keynote for such a drive might well be the almost unbelievable fact that non-defense expenditures of the Treasury are now running more than $8,000,000,000 a year or virtually double the total of all disbursements, defense, relief and regular, during the last year before the New Deal took over.

World Tin Production Drops Below Last Year

According to the current issue of the "Statistical Bulletin," published by the Tin Research Institute, London, world production of tin in July 1941, is estimated at 18,100 long tons, compared with 19,900 long tons in July 1940. Production for the first seven months of 1941 was 147,900 tons against 125,100 tons in the first seven months of 1940.

Exports from the countries signatory to the International Tin Agreement, and the position at the end of July 1941 are shown below in long tons of tin:

	May	June	July	End July
Belgian Congo	1,254	4,007	1,845	—2,793
Bolivia	3,531	4,536	*	*
French Indo-China	130	130	130	—1,583
Malaya	8,243	10,243	4,091	—17,050
Neth. East Indies	4,935	5,074	3,948	+2,161
Nigeria	1,406	3,803	*	*
Thailand	1,075	1,748	1,103	—6,692

* Not yet available

The Institute announcement further stated:

United States deliveries totalled 12,575 tons in July 1941, against 14,880 tons in June 1941. For the first seven months of 1941, United States deliveries totalled 92,947 tons compared with 57,934 tons in the corresponding period of 1940.

World stocks of tin, including smelters' stocks and carry-over increased by 327 tons during July 1941 to 56,302 tons at the end of the month. Stocks at the end of July 1940 amounted to 48,830 tons.

The average cash price for standard tin in London was £258.4 per ton in July, 1941, compared with £262.9 in the previous month and £265.8 in July, 1940.

The average price for Straits tin in New York was 53.66 cents per lb. in July 1941, as against 52.69 cents in June. The average price in July 1940, was 51.59 cents per lb.

THE STATE OF TRADE

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effects of the priorities while the shift to defense work goes on.

A precipitate decline in residential construction from the high levels of previous months is anticipated by builders during September, chiefly because of increasing tightness in supplies.

Building materials suppliers report that the armed services are commandeering materials, and that private construction is being deprived of supplies. Builders expect that homes costing more than $7,000 will be discouraged by defense officials through priorities on materials.

Latest advices from Washington state that the administration today gave defense absolutely first call on all the nation's industrial resources, and consumers were told they could expect to feel the pinch soon. Mr. Roosevelt announced that still more money would be expended for defense orders—the program already tops $50,000,000,000 — with the objective of producing still more supplies and of getting two and three shifts to work in the plants. What was inferential in Mr. Roosevelt's statement, the new superboard stated in so many words:

"Our general policy is simple," the board announced, outlining its plan of operations. "Production shall be stimulated and organized to the limit of the nation's resources."

Our Reporter On "Governments"

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That move would slash about $1,000,000,000 from the current total of excess reserves of member banks. . . . Or reduce them to about $4,000,000,000. . . .

And most of the reduction would take place in New York, where surplus funds amount to only $1,885,000,000 at the moment. . . .

The feeling is, incidentally, that the Reserve Board will take this step in September—if that possibly can be arranged—for Eccles is now getting a serious hearing in Washington and Eccles' position on the inflation danger is one that every investor in America is well aware of. . . .

The Market

If excess reserves are cut by $1,000,000,000, the market is certain to react bearishly — for a time, anyway. . . . Already some selling has been based on anticipation of a requirement boost. . . . The sales of $17,000,000 bonds by New York City banks in the third week of August, for instance, were attributed directly to this report by traders. . . .

And although surplus funds of $4,000,000,000 still are tremendous — remember when they were down below the billion-dollar level? — the psychological effect of this step alone would be enough to knock down prices a point or more. . . .

Another angle is that excess reserves are unevenly divided. . . . Some banks are feeling the pinch of skyrocketing loans right now. . . . A further reduction in their surplus funds certainly would run over into their bond portfolios. . . .

Finally, the market is thin. . . . It's sensitive. . . . It's dominated by a few traders and a few large institutions. . . .

While the move is being discounted today, it seems highly unlikely that Government bonds would accept news of this kind without some reaction. . . .

Financing Tactics

The point is, then, what about Secretary Morgenthau's September financing? . . . Would Morgenthau permit a declining market at a time when he wants to refund and borrow a few hundred millions? . . .

Offhand, the answer is "no". . . . And that leads to the conclusion that the Reserve Board's action on excess reserves will depend entirely on the Treasury's September financing plans. . . .

If Morgenthau skips the September financing date, a cut in excess reserves probably will come this month. . . . And the market may be helped by a Treasury announcement that there will be no quarterly borrowing "because of the size of tax anticipation note sales and defense savings bond subscriptions." . . .

If he doesn't dare postpone a cash borrowing to later in the Fall, the cut in excess reserves may be delayed until October or November. . . .

It's all supposition, admittedly. . . . But the point is that informed sources are becoming convinced a reserve requirement boost of some size is near. . . .

And that conviction implies a recognition of the fact that to prevent inflation, Washington authorities are resigning themselves to narrowing of the nation's credit base—to some reversal in the major policy of easy money that has been part of the Roosevelt Administration since 1933. . . .

The Refunding

Ordinarily, postponement of the quarterly borrowing would be improbable, for Morgenthau's avowed policy is to refund Gov-

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Our Reporter On "Governments"

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ernment note maturities three months prior to the due dates whenever possible. . . .

But the December 15 note maturity this time amounts to only $204,000,000. . . . The coupon rate is only 1¼ per cent. . . . Delaying a refunding of this issue, therefore, wouldn't mean much. . . .

If the September borowing is undertaken, we should expect a $500,000,000 to $700,000,000 cash borrowing to accompany it. . . .

Agency Borrowing

One thing appears fairly sure (in this time of uncertainties in all policies). . . . And that is that the RFC will be back to the market soon to borrow $300,000,000 to $350,000,000 of new money. . . .

The British Treasury is drawing heavily on its recent RFC loan of $425,000,000. . . . It already has taken out $100,000,000 and is taking another $100,000,000 soon, according to reports. . . .

The RFC, therefore, will be needing more cash in the near future. . . . And this major Government agency may enter the market for funds any time this month. . . .

As far as maturities go, the RFC hasn't a refunding on the calendar until mid-October, when it is expected to refund $300,000,000 ⅞% notes, due November 1. . . .

Other Refundings

On November 1, the USHA has $112,000,000 of ¼% notes due too. . . . These may be repaid in cash, for the amount is so small. . . .

On November 15, the CCC has $204,000,000 of 1% notes due. . . . A refunding and cash borrowing is considered likely. . . .

And that just about covers the refunding calendar until 1942. . . .

Considering the fact that Morgenthau couldn't possibly have known about the war back in the mid-30s, his division of maturities is turning out beautifully. . . .

Dealer Opinions

Of six dealers checked:

Four looked for lower prices over the next six weeks or so;

Two expected a continuingly dull and fairly firm market until later in the fall;

All except one admitted considerable concern over the long-term trend of bond prices. . . .

Stamp Program Food List for September

The Department of Agriculture announced Aug. 27 the foods which will be nationally available during September for purchase with blue stamps by families taking part in the Food Stamp program. These foods are obtainable in local stores throughout the month of September, and are the same as those available during August. The complete list of "blue stamp foods," for the period Sept. 1 through Sept. 30 in all stamp program areas, is: Fresh pears, plums, prunes, apples, oranges, and peaches, fresh vegetables (including potatoes), corn meal, shell eggs, raisins, dried prunes, hominy (corn) grits, dry edible beans, wheat flour, enriched wheat flour, self-rising flour, enriched self-rising flour, and whole wheat (Graham) flour.

Would Abolish Curb

The best interest of security dealers and investors would be served by the discontinuance of the Curb Exchange, it is believed by D. A. Balfour of Russell, Hoppe, Stewart & Balfour, Wilcox Building, Portland, Oregon, since many of the issues traded on that exchange would have a better market and wider interest if handled over-the-counter. The Curb market does not represent the true market in many issues, according to Mr. Balfour, and tends to contract rather than expand dealer interest, the present trend indicating that the larger Stock Exchange broker is endeavoring to acquire all the business and drive the small dealer entirely out, since every new listing or security admitted to unlisted trading privileges helps the large Exchange broker.

THE FINANCIAL SITUATION

(Continued from First Page)

them has primarily to do with corporate earnings, not merely the prospect for profit in American industry in general, or even of large groups or departments of that industry, but the outlook facing each enterprise—so diverse are the effects of current developments upon each corporation likely to be. The other concerns the attitude and probable policy of the Administration as regards banking and credit, particularly central banking and suggested restrictions of credit.

Entering A New Period

Clearly we are now upon the threshold of a period when the course of corporate earnings will differ quite materially from those of the past year, particularly the course of earnings which corporations are permitted to retain. For a considerable period after our armament program was launched, indeed until rather recently, there appeared to exist among many the rather easy assumption that despite the President's repeatedly reiterated determination that no one should profit largely by our preparedness effort, most of the larger corporation with substantial war orders, and many other enterprises whether they received such orders or not, would find a way to make very substantial sums of money, if not indeed to grow rich at the expense of the "emergency." Labor has been repeatedly pointing to enlarged corporation earnings as supporting its demands for higher wages and various other concessions. First half results have, it must be said, lent a certain plausibility to this view, possibly even when the enormously enlarged burden of taxation is taken into account. Competent students of such matters have, of course, not become unduly elated, but there has been a feeling of some satisfaction with earnings, particularly when they have been compared with the prices of securities of the companies in question.

But however all this may be, it is plain that we are now reaching a new stage as regards corporate earnings. Higher taxes and costs, especially labor costs, have even now begun observably to take their toll. Recent studies by the Division of Industrial Economics of the Conference Board indicate that the tide turned early this year. The Board's index of corporation earnings after re-allocation of Federal taxes applicable to the first and second quarter stood for the latter at 159 after taxes and for the former at 144 compared with 163 for the fourth quarter of 1940. The rate of business activity was, of course, much higher this year than last. Figures from the same source show that while first half net for a large group of corporations before taxes was some 82 per cent above 1940, these corporations will have only 20 per cent more when they have paid their Federal taxes—assuming, of course, that reserves set up for this purpose prove adequate, which in the present state of things cannot be counted as a certainty.

Wide Variations

But such general figures tell only half the story. Six corporations making aircraft and parts show a 6 per cent decline in earnings after taxes as compared with last year, although before such taxes they show a gain of some 127%. Fifteen chemical companies included in the Board's list did not do quite so well as last year after taxes despite a 58 per cent gain before taxes. A number of other groups revealed but slight gain despite higher rates of activity. Only a few, such as the steel and iron, and rubber products show gains after taxes comparable with what appears to be the impression in some quarters, and it is to be remembered that large percentual gains do not necessarily mean large profits by any means. Whatever may be the increase in volume of business done, and whatever may be the earnings showing before Federal taxes, it is clear even from the record to date that the armament program is not proving and will not prove an unexampled boon to corporate profits.

But as all students of the course of earnings well know the record of past performances is but a poor guide to what may be expected of the same enterprises during the next year or two, and it is to future, not past, profits that the financial community must look for guidance in considering investment programs, and the like. Aside from taxes which are a study in themselves, and of which it might almost be said that they affect each corporation in a way and in a degree different from any other, there are four major factors, all of them more or less indecipherable at the moment, which are certain to leave their impress on corporate earnings during the months and the year or two to come. The first is one Leon Henderson (possibly presently aided and abetted by sweeping new legislation) who after the manner of General Johnson is strutting and screaming and acting to control the prices at which manufacturers may sell their goods. The second is like unto the first except that it operates in reverse. It is the tendency among the New Deal managers, and perhaps even more so far as agricultural prices are concerned in Congress not only to wince and relent and refrain when farm product prices and wage rates are under discussion, but in many ways even to encourage increases in both. It thus arises that many producers are in danger of being caught between the upper millstone of fixed prices for their products and the nether millstone of higher material and labor costs.

The third factor concerns priorities, hoarding of materials and other closely allied matters which endanger the supply lines of many enterprises, and the fourth with the as yet undetermined profitability of armament orders. The motor manufacturers, for example, have not fared badly so long as they were able to make and sell to the general public large quantities of goods for which they are, and have for a long while, especially organized and equipped, and in both the manufacture and sale of which established business customs and practices were in vogue, but what will their income statements look like when they are obliged very substantially to curtail their normal business and devote their time instead to the production of tanks, machine guns, military cars, and all the rest under a variety of terms and conditions never before experienced in American industry?

Each Case A Separate Problem

The point here is not so much the difficulties thus imposed upon industry, or the effect these are likely to have upon the volume of corporate earnings taken all together as it is the problem of determining the consequences to this or that particular corporation or group of corporations. Certain enterprises or groups of enterprises may be so fortunate as to be in little danger of severe priorities harassment, but be large employers of wage earners who are quite definitely "on the make." Another may use substantial amounts of materials on the "critical" list, but have large supplies on hand. Still another may be engaged in making goods or rendering services the prices of which are of secondary concern to Mr. Henderson and his colleagues, but use large quantities of agricultural materials whose prices are high and rising, and at the same time operate in a situation where competition is more effective than Mr. Henderson or Congress in preventing corresponding increases in what is asked of the public for the goods in question. One corporation may employ chiefly unskilled labor which is in relatively abundant supply while its next door neighbor may require highly skilled workmen many of whom have been drawn away to make airplane engines or machine guns. One holder of immense armament orders, possibly from the British, may

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Electric Output for Week Ended Aug. 30, 1941, Shows Gain of 17.8% Over Like Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Aug. 30, 1941, was 3,223,609,000 kwh. The current week's output is 17.8% above the output of the corresponding week of 1940, when production totaled 2,736,224,000 kwh. The output for the week ended Aug. 23, 1941, was estimated to be 3,193,404,000 kwh., an increase of 17.7% over the like week a year ago.

PERCENTAGE INCREASE FROM PREVIOUS YEAR

Major Geographic Regions	*Week Ended Aug. 30 '41*	*Week Ended Aug. 23 '41*	*Week Ended Aug. 16 '41*	*Week Ended Aug. 9 '41*
New England	22.5	20.1	23.0	21.9
Middle Atlantic	16.0	15.1	13.2	15.5
Central Industrial	19.3	20.2	19.4	21.0
West Central	12.1	16.2	17.5	19.5
Southern States	24.8	24.2	21.8	15.9
Rocky Mountain	8.5	4.5	3.1	5.4
Pacific Coast	x10.5	x10.3	x9.0	x8.7
Total United States	17.8	17.7	16.6	16.5

x Percentage should be higher; data under revision.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended	1941	1940	*Percent Change 1941 from 1940*	1939	1938	1937
Apr. 5	2,937,585	2,493,690	+17.8	2,243,986	2,050,101	2,218,798
Apr. 12	2,882,319	2,529,908	+13.9	2,234,908	2,016,227	2,218,615
Apr. 19	2,873,710	2,528,868	+13.6	2,265,216	2,010,121	2,229,866
Apr. 26	2,926,445	2,499,060	+17.1	2,244,039	1,995,555	2,237,542
May 3	2,914,882	2,503,899	+16.4	2,224,723	1,992,161	2,225,194
May 10	2,975,024	2,515,515	+18.3	2,238,826	2,019,065	2,242,421
May 17	2,982,715	2,550,071	+17.0	2,234,592	2,023,830	2,249,305
May 24	3,011,754	2,588,821	+16.3	2,277,749	2,030,754	2,251,995
May 31	2,924,460	2,477,689	+18.0	2,186,394	1,936,597	2,176,399
June 7	3,042,128	2,598,812	+17.1	2,328,756	2,056,509	2,266,759
June 14	3,066,047	2,664,853	+15.1	2,340,571	2,051,006	2,260,771
June 21	3,055,841	2,653,788	+15.2	2,362,436	2,082,232	2,287,420
June 28	3,120,780	2,659,825	+17.3	2,395,857	2,074,014	2,285,362
July 5	2,866,865	2,425,229	+18.2	2,145,033	1,937,486	2,139,281
July 12	3,141,158	2,651,626	+18.5	2,402,893	2,154,099	2,358,438
July 19	3,162,586	2,681,071	+18.0	2,377,902	2,152,779	2,321,531
July 26	3,183,925	2,760,935	+15.3	2,426,631	2,159,667	2,312,104
Aug. 2	3,226,141	2,762,240	+16.8	2,399,805	2,193,750	2,341,103
Aug. 9	3,196,009	2,743,284	+16.5	2,413,600	2,198,266	2,360,9[illegible]0
Aug. 16	3,200,818	2,745,697	+16.6	2,453,556	2,206,560	2,365,859
Aug. 23	3,193,404	2,714,193	+17.7	2,434,101	2,202,454	2,351,233
Aug. 30	3,223,609	2,736,224	+17.8	2,442,021	2,216,648	2,380,301

THE FINANCIAL SITUATION

(Continued from Page 30)

have obtained them on terms which leave a clear possibility of a good profit (at least before Federal taxes) while another may have even larger orders but has not proved so good a bargainer in obtaining them. The terms and conditions under which American industry has undertaken its defense task are infinite in their variety, and concerning many of them little of consequence is generally known. Evidently all those who must evaluate securities, whether he be investor, broker, dealer, or banker cannot in these circumstances permit himself to grow mentally sluggish or expect to have an easy time of it.

When we turn to the banking and credit corner of the picture we find a somewhat different, but for the moment at least about equally uncertain prospect. It has for some time been evident that "inflation" has been a word to conjure with in Washington. Fear of its arrival (as if in reality it had not been with us for a long while past) has set the Chairman of the Board of Governors of the Federal Reserve System agog again, and effort, of which he seems to be the leader, is again being made to obtain legislation which would empower the Reserve Board to perform further radical operations upon member bank reserve requirements. Existing reserves of member banks, even when considered in relation to their deposit liabilities, are still so large that the figures have little meaning, but the subject cannot be lightly dismissed for all that. For one thing, bankers have become accustomed to large "excess" reserves, and are much inclined to grow restive when they even threaten to approach moderate levels. In such times as these in particular careful bankers have no desire to place themselves in a position of dependence upon the Federal Reserve—certainly not while the present New Deal management is in the saddle. For another thing, "excess" reserves vary in amount in various parts of the country, as does the need for them. A reduction in this "excess" which left the banking system as a whole well protected, could very easily cause considerable concern and disturbance in New York City where the banks are in so large a degree bankers' banks, and where in so large a degree the short term balances of the country, not to say of the world where any freedom or discretion remains. Moreover, there is no disguising, or avoiding the fact that the Treasury must come into the market for huge amounts of money in the year or two ahead, and, unfortunately, there is no very great likelihood that it will be able to raise the funds it needs without calling on the banks in one way or another.

Such in bold strokes is the nature of the situation by which the financial community is faced now that the holiday period is over. It is by no means improbable that the state of affairs will considerably clarify itself within a reasonable time. Most observers believe that we can count upon a continuation of the policy of coddling the farmer and the wage earner. The President's courageous veto of the wholly unwarranted attempt to "freeze" government stock of cotton and wheat was excellent so far as it went. It should be clearer within a few weeks whether or not the Government will actually let any substantial part of its stock go into the market. But as to any program of effectively controlling farm prices or of placing a restraining hand upon labor, the situation needs not "clarification," but action, which it will not obtain. It should not take a great length of time to determine whether the new priorities organization will be able and willing to do anything really effective. A clearer picture of the effect of priorities and kindred restrictions upon the great rank and file of American enterprises will probably slowly emerge as the autumn months pass. The extent to which Congress is willing to place real power in the hands of Mr. Henderson or of the President as to prices should be much clearer within a few weeks. Considerable time must elapse before the public will be able to determine from actual income statements the degree of profitability of armament contracts, since operations under many of them will not be under full headway for some time to come and, of course, corporation reports will not appear until still later, but the corporations holding these contracts should be in a position before very long to form a fairly accurate judgment of how well they are likely to fare, and, of course, such information has a way of "getting around." As to banking and credit developments, it is possible that the head of the Treasury will give some inkling of what is in the wind when he announces his intentions concerning fall offerings, but it may be that further developments in Congress will have to be awaited.

One thing which to most observers seems rather definite, barring the wholly unexpected. That is that despite all the alarmist talk about priorities unemployment and the like, demand for consumer goods generally will fully match production of them within the foreseeable future.

FDIC Banks Report New Record Loans, Discounts and Deposits

(Continued from First Page)

to $24,998,000,000 on June 30, 1941. This represents a reduction of $1,292,000,000, or almost 5% since Dec. 31, 1940;

3. Investments by the banks in United States Government obligations and obligations guaranteed by the United States Government increased from June of last year by $3,470,000, or almost 22% and amounted to $19,371,000,000;
4. Investments in obligations of States and political subdivisions amounted to $3,551,000,000 on June 30, 1941, a gain of $68,000,000, or 2% during the year period. Investments in other securities, exclusive of foreign securities and stock in Federal Reserve banks, continued to decline and amounted to $3,039,000,000, a reduction of about 2% during the year period;
5. Holdings of other real estate acquired in settlement of debt and not used as bank premises, were reduced during the year period by 17%, or $63,000,000;
6. Total assets amounted to $72,984,000,000 on June 30, 1941, an increase since June 29, 1940 of $7,395,000,000, or 11%. Of the assets held by insured commercial banks on June 30, 1941, 34% were cash, reserves, and funds due from banks, 36% were securities, and 27% were loans and discounts;
7. Total capital accounts of the insured commercial banks increased by $167,000,000, over the year period, reflecting increases in surplus, undivided profits, and reserves, which more than offset retirements of preferred capital. Total capital accounts amounted to $6,773,000,000 on June 30, 1941, equal to 9.3% of book value of assets, compared with 10.1% on June 29, 1940.

The following is the preliminary statement issued by the FDIC:

STATEMENT OF ASSETS AND LIABILITIES OF INSURED COMMERCIAL BANKS AS OF JUNE 30, 1941, DEC. 31, 1940, AND JUNE 29, 1940

(In Thousands of Dollars)

ASSETS

	June 30, 1941	Dec. 31, 1940①	June 29, 1940
Number of banks	13,423	13,438	13,480
Cash and Funds Due from Banks			
In vault	1,242,618	1,235,263	983,888
In process of collection	2,488,529	2,847,322	1,573,048
With Federal Reserve banks	12,958,527	13,991,733	13,750,656
With other domestic banks	8,298,541	8,204,279	7,540,087
With foreign banks	10,042	11,750	16,204
Total Cash and Funds due from banks	24,998,257	26,290,347	23,863,883
Loans and Securities			
U. S. Govt. obligations and obligations guaranteed by the U. S. Govt.	19,370,714	17,063,870	15,900,885
Obligations of States, political subdivisions, territorial and insular possessions	3,551,281	3,608,270	3,482,795
Foreign securities	177,472	194,802	204,332
Other securities	3,038,851	3,157,791	3,096,416
Stock in Federal Reserve banks	140,295	138,539	136,861
Loans and discounts (including overdrafts)	19,913,169	18,397,472	17,014,372
Total Loans and Securities	46,191,782	42,560,744	39,835,661
Guarantees and securities of customers and banks on account of acceptances	79,424	83,640	81,104
Banks premises owned and furniture and fixtures	1,067,130	1,071,414	1,081,082
Other real estate, acquired in settlement of debt; not used as banks premises	303,755	339,563	370,033
Investments and other assets indirectly representing bank premises owned or other real estate	122,184	123,168	136,913
Other assets	218,580	250,649	220,504
Total Miscellaneous Assets	1,794,073	1,868,434	1,889,636
Total Assets	72,984,112	70,719,525	65,589,180

① Revised

	June 30, 1941	Dec. 31, 1940①	June 29, 1940
Deposits—			
Individuals, partnerships, and corporations, payable on demand	34,330,943	32,400,488	26,899,054
Individuals, partnerships, and corporations deposited for periods of time	15,207,488	15,002,076	14,779,568
U. S. Government and postal savings ②	730,726	735,463	829,606
States and political subdivisions	4,009,655	3,820,595	3,601,093
Domestic banks, certified and officers' checks, cash letters of credit and travelers' checks outstanding	10,648,274	10,801,555	9,609,331
Foreign banks	689,562	708,993	706,739
Total Deposits	65,616,648	63,469,170	58,425,391
Borrowed money	10,675	11,481	13,844
Outstanding acceptances and bills of exchange	94,387	98,056	96,114
Other liabilities	489,296	467,432	447,332
Total Miscellaneous Liabilities	595,358	576,969	557,290
Total Liabilities (excluding Capital Accounts	66,211,006	64,046,139	58,982,681
Capital Accounts—			
Capital stock, notes, and debentures	2,858,363	2,872,040	2,892,233
Surplus (paid in by stockholders or accumulated from earnings)	2,603,327	2,563,263	2,483,865
Undivided profits	898,317	838,125	836,841
Amounts set aside for contingencies, etc.	413,099	399,958	393,560
Total Capital Accounts	6,773,106	6,673,386	6,606,499
Total Liabilities and Capital Accounts	72,984,112	70,719,525	65,589,180

① Revised
② Includes U. S. Treasurer's time deposits, open account.

From Washington

(Continued from First Page)

is out to increase the Government's control over business and industry.

Notwithstanding that Henry Wallace is made chairman of the SPAB, Henderson will dominate it. Wallace is not an executive He is the missionary type. He is on the board to give the New Dealers a majority in the event of trouble with Knox. Stimson and Knudsen. Donald Nelson "a business man" is to be executive director and much has been made of the fact that he is to be really the board's top man. He got the job because he could "get along with Henderson," as the New Dealers said when they were agitating for him to replace Knudsen or Stettinius. He will remain on the board now just as long as he can "get along with Henderson."

Business men thinking of offering their services in Washington should contemplate the experience which their predecessors have had. The truth as to whether defense needs were underestimated will likely never be known. It would be worth a pretty penny to know on just what the needs were based inasmuch if there is anyone in Washington who knows just what this Government is going to do, even including Mr. Roosevelt, he is yet to make himself known. Mr. Roosevelt, throughout the agitation, frequently indicated—and impatiently—that production was satisfactory to him—oh not quite satisfactory because it never would be. We always must be straining every effort. But he was never alarmed as seemingly were those responsible for the agitation. He should be in position to know the needs—needs for just what, war abroad or whatnot, more than anybody else.

The experience of the Dollar-a-Year men, now climaxed with their utter eclipse, has been one of the most fantastic spectacles seen in Washington in a long time. Presumably, the guns and planes will figuratively roll but only figuratively, much faster now.

It is exceedingly doubtful if Little Business will fare any better now from priorities or in defense contracts than it has been faring. The New Dealers are saying rather freely, have been for sometime, that the day of Little Business is at an end. They took a fling at endorsement of the anti-trust laws back in 1938 when they had to do something to divert attention from the 1937 recession. But this "crusade" which got little beyond the newspaper headline stage, was short-lived, and Thurman Arnold had scarcely gotten his trust-busting fervor up, when the New Dealers began trying to pull him off with the explanation that they had decided it was impossible to make little businesses out of big ones. Since then they have been moving towards Big Business on the theory that it is easier to control.

Knudsen and his associates, particularly John D. Biggers have taken a lot of abuse on the grounds that they permitted Big Business to gobble up the bulk of the defense money. Biggers really tried to help Little Business. But the cards against it have been stacked and are likely to become more so. Little Business' difficulty is to comply with the multitude of Government regulations — the Walsh-Healy Act, for example. The labor leaders are right with the New Dealers in their attitude towards the little fellows. They are too much trouble to keep in organized labor's line.

Arnold, restless at being on the shelf to which he has been put by the course of events, is agitating among his friends in Congress for legislation overturning the Frankfurter decision which held that the anti-trust laws didn't apply to organized labor. He's got about 400 young lawyers anxious to do their stuff but they are being held in check.

Arnold has a lot of friends in Congress, both personal and those who hold his views towards Labor and Big Business but it would amaze Washington if he were to succeed in his campaign. The chances are more likely that the New Dealers will sooner or later run him out of town. He has been in their bad graces ever since he filed a suit against the carpenters' union just as the 1940 campaign was beginning to warm up.

The purpose of Justice Frank Murphy's secret talk to the Knights of Columbus convention in Atlantic City was to reassure the Catholics on the Administration's attitude towards Communists. Many of them have thought there was decidedly too much friendship.

Municipal Bond Sales In August

New issues of long-term State and municipal bonds were sold in the aggregate principal amount of $43,477,722 during August. Sales in the previous month were $54,844,829 and in August, 1940, the total was $75,019,089.

The feature operation last month was conducted by the City of Tacoma, Wash., which awarded an issue of $4,000,000 1½% and 3% light and power revenue bonds to a syndicate headed by John Nuveen & Co. of Chicago. Competition for the loan was exceptionally keen. The successful bid figured a net interest cost of 1.7488%, while the next best tender was based on a cost of 1.76%. Eight groups entered bids for the issue.

Speaking of revenue bonds, it is of interest to note that the recent month witnessed the acceptance by the Washington Toll Bridge Authority of the offer of the insurance companies to settle the Tacoma Narrows Bridge claim for $4,000,000 plus salvage. Use and occupancy insurance in the amount of $240,000 was paid last April. It is believed that the Authority will apply the proceeds of the recent settlement toward the redemption of $3,750,000 of outstanding revenue bonds. The relative speed with which the complicated claim was adjusted was viewed in investment circles "as constituting a milestone in the favorable record of bridge revenue bonds."

Financing during August included the following items of $1,000,000 or more:

$4,050,000 **Minnesota (State of)** Rural Credit Deficiency Fund certificates of indebtedness awarded to a syndicate headed by the National City Bank of New York, as 1.20s, at a price of 100.283, a basis of about 1.10%. Due serially from 1945 to 1947 incl. The certificates were not re-offered for public investment as they were taken for bank investment.

4,000,000 **Tacoma, Wash.,** light and power bonds sold to an account headed by John Nuveen & Co., Chicago, on a bid of 100.002 for $1,425,000 3s, due semi-annually from July 1, 1942 to July 1, 1950 incl., and $2,575,000 1½s, due semi-annually from July 1, 1950 to July 1, 1961, making a net interest cost of 1.748%. Bonds are optional beginning Jan. 1, 1952. Re-offered to yield from 0.30% to 1.85%, according to maturity.

2,716,000 **Minneapolis, Minn.,** bonds purchased by Phelps, Fenn & Co., Inc., New York, and associates, as follows: $1,270,000 1½% refundings, due from 1942 to 1951 incl., at a price of 100.157, a basis of about 1.47%; $1,446,000 public relief and permanent improvement, maturing from 1942 to 1961 incl., sold at 1.70s, at 100.21, a basis of about 1.67%. The 1½s were re-offered from a yield of 0.25% to 1.55%, according to maturity, and the 1.70s on a basis of from 0.25% to 1.80%.

2,540,000 **Dade County Special Tax School Districts, Fla.,** school site and building bonds, bearing 4% interest, were taken by a group headed by Blyth & Co., Inc., New York. An issue of $2,250,000, due 1942 to 1961 incl., brought a price of 107.777, a basis of about 3.16%, and a block of $290,000, maturing 1942 to 1971 incl., optional May 1, 1961, was sold at 107.853, a basis of about 3.16%. The bonds were re-offered to yield from 1% to 4%, according to date of maturity.

1,866,000 **New Hampshire (State of)** ⅞% hospital, relief and other purpose bonds sold privately to a group headed by White, Weld & Co., New York, and re-offered to yield from 0.25% to 0.90%, according to maturitiy. Bonds due serially from 1943 to 1949 incl.

1,165,000 **Delaware (State of)** public improvement bonds, due from 1942 to 1964 incl., optional Aug. 15, 1950, were purchased by a syndicate headed by B. J. Van Ingen & Co., Inc., New York, as 1.10s, at 100.333, a basis of about 1.05%. Re-offered from a yield of 0.15% to a price of 99.50, depending on date of maturity.

Following is a report of the issues unsuccessfully offered during August. Page Number of the Chronicle is given for reference purposes:

Page	*Name*	*Int. Rate*	*Amount*	*Report*
1028	Bexar County, Texas	2½%	$285,000	Bids rejected
1161	Gallatin County S. D. No. 3, Mont.	not exc. 6%	10,000	Bids rejected
1022	Montgomery County, Md.	not exc. 5%	120,000	Offering canceled
1305	Nankin and Dearborn Twps. Frac. S. D. No. 2, Mich.	x	37,500	No bids
873	Nyssa, Ore.	not exc. 4%	13,000	Bids rejected
1306	Towner, N. Dak.	not exc. 5%	3,000	Project abandoned

Short-term borrowing by States and municipalities during August included the sale by the State of New York of $100,000,000 0.20% notes and the issuance by New York City of $55,000,000 revenue bills. Principally as a result of these operations, the grand total of financing for the month reached $171,591,571. Other relatively large sales were made by the States of California and Massachusetts.

Sales of Canadian municipal bond issues in August amounted to only $1,759,217, of which $1,416,000 was accounted for by the Province of Manitoba. This offering, comprising $750,000 3½s and $666,000 3s, was underwritten by Wood, Gundy & Co., the Dominion Securities Corp. and A. E. Ames & Co., all of Toronto. An important development during the month was announcement of the creation of a joint committee, representing bondholders and the Alberta government, to consider "ways and means of evolving a refunding plan satisfactory to the province and to the bondholders." Approximately $147,000,000 bonds are outstanding, including maturities in default.

No United States Possession financing was undertaken during August.

A comparison is given in the table below of all the various forms of securities placed in August in the last five years.

	1941	1940	1939	1938	1937
	$	$	$	$	$
Perm. loans (U. S.)	43,477,722	75,019,089	69,059,582	65,831,351	52,720,544
* Temp. loans (U. S.)	171,591,571	77,719,826	155,875,000	54,605,090	44,369,803
Can. loans (perm't):					
Placed in Canada	1,759,217	4,510,011	1,081,500	2,810,900	240,000
Placed in U. S.	None	None	30,000,000	None	None
Bonds U. S. Poss'ns	None	500,000	None	450,000	None
Gen. fd. bids. (N.Y.C.)	None	None	None	None	None
Total	216,828,510	157,748,926	256,016,082	123,697,341	97,330,352

* Including temporary securities issued by New York City, $55,000,000 in August, 1941; $45,000,000 in August, 1940; $35,000,000 in August, 1939; $30,000,000 in August, 1938 and $30,500,000 in August, 1937.

The number of places in the United States selling permanent bonds and the number of separate issues made during August, 1941, were 250 and 281, respectively. This contrasts with 339 and 392 for July, 1941 and with 275 and 343 for August, 1940.

For comparative purposes we add the following table showing the aggregates for August and the eight months for a series of years. In these figures temporary loans, New York City's "general fund" bonds and also issues by Canadian municipalities are excluded:

	Month of August	*For the 8 Months*		*Month of August*	*For the 8 Months*
1941	$43,477,722	$705,062,995	1932	$37,839,967	$594,140,739
1940	75,019,089	707,133,410	1931	74,963,933	1,022,918,595
1939	69,059,582	879,206,862	1930	98,068,445	975,963,112
1938	65,831,351	621,140,132	1929	80,872,773	836,370,593
1937	52,720,544	693,246,190	1928	68,918,129	928,136,644
1936	56,769,681	713,522,262	1927	92,086,994	1,060,936,272
1935	65,703,316	753,182,433	1926	71,168,428	909,425,840
1934	27,708,331	642,092,065	1925	83,727,297	980,196,064
1933	41,602,539	298,422,720			

(Details of the individual issues sold during last month will appear in a future issue of the "Chronicle.")

Weeks Lumber Output Practically Unchanged

Lumber production during the week ended Aug. 23, 1941, was the same as the previous week; shipments were 4% greater; new business 2% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 3% above production; new orders 13% below production. Compared with the corresponding week of 1940, production was 16% greater, shipments 16% greater, and new business 24% less. The industry stood at 120% of the average of production in the corresponding week of 1935-39 and 139% of average 1935-39 shipments in the same week. The Association's reports further showed:

Year-to-Date Comparisons

Reported production for the 34 weeks of 1941 to date was 14% above corresponding weeks of 1940; shipments were 17% above the shipments and new orders were 16% above the orders of the 1940 period. For the 34 weeks of 1941 to date, new business was 9% above production, and shipments were 6% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 43% on Aug. 23, 1941, compared with 27% a year ago. Unfilled orders were 34% greater than a year ago; gross stocks were 15% less.

Softwoods and Hardwoods

Record for the current week ended Aug. 23, 1941, for the previous week and for the corresponding week of a year ago, follows in thousand board feet:

	Softwoods 1941 Week		Hardwoods 1941 Week	
Mills	376		88	
Production	285,429	100%	10,929	100%
Shipments	291,195	104	12,851	118
Orders	247,091	87	11,762	108

	Softwoods and Hardwoods 1941 Week	1940 Week	1941 Prev. Week (Rev.)
Mills	450	450	463
Production	296,358	255,518	296,112
Shipments	304,046	263,184	292,373
Orders	258,853	341,432	265,422

Commercial Banks Buy More Mortgages

Commercial banks are buying and investing in mortgage loans as almost never before in their history, the Mortgage Bankers Association of America pointed out on Aug. 30. Banks and trust companies made about a fifth of the nearly $2,250,000,000 of urban mortgages recorded in the first half of this year, the Association data indicated. In 1940, it is stated, insured commercial banks, representing 94% of all commercial banks in the nation, enlarged their residential mortgage portfolio by around 11%, or by nearly $186,000,000. This compared with a gain of only 7½% the year before, illustrating, said Dean R. Hill, Association President, the greater attention banks are giving mortgages as investments and revenue-producers.

$450,000,000 Reward For Their Past Thrift

A $450,000,000 reward for their thrift in past years materialized for savings, building and loan association members the first six months of 1941, as this amount flowed back into their hands from the associations, the United States Savings and Loan League, Chicago, said on Aug. 30. Paul Endicott, President of the League, said that $400,000,000 of it was capital originally saved up or invested in lump sums in the thrift and home financing institutions, $40,000,000 of it represented cash dividends paid on share accounts and $10,000,000 represented loans obtained with share accounts as security.

The outflow during the period was normal in proportion to total shareholders interest in the savings and loan associations of this country, Mr. Endicott pointed out, and it was 40% less than the half year inflow of new funds. It is added that the $400,000,000, for which the investors found either an emergency use or the purpose for which they had originally saved it, had been in a continual turnover to home owners to help them buy, build or modernize, then back into the association in monthly payments and out again into other home owner hands, while it stayed in the institution.

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